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90 JOHN ST., NEW YORK 7

THURSDAY, JANUARY 18, 1951



THE hungry Fox eyed the tempting morsel of cheese the Crow held in his beak. Resorting to flattery the Fox said "Your beautiful singing is the talk of all the forest—please sing for me." Whereupon the Crow opened his beak to caw and dropped the cheese, which was promptly gobbled by the Fox.

Today it's the American people who are being sold a bill of goods by those who covet our resources. They know that flattery will succeed where force would fail. They know we have been fooled before...victims of our own deep-rooted desire for peace at any price. Now we know that the price is the surrender of our way of life.

Our generosity, our tolerance and above all, our complacency, are being used against us by the unscrupulous planners both inside and outside our country. We must resist or be lost.



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Arkansas Rejects Deductible Fire Insurance Plans

Inspection Bureau Joins with Commissioner in Disapproving Proposals

LITTLE ROCK—Commissioner Graves has rejected filings made by Chubb & Son and Liberty Mutual for writing deductible fire insurance in Arkansas.

"The present policy of the department is to disapprove such deductible plans," the commissioner said in a letter to Liberty Mutual.

"I concur with the majority of the committee on rates and rating organizations (of National Assn. of Insurance Commissioners) which concluded that further study should be given the subject before unqualified approval is given. As a member of that committee, I shall continue to approach the subject with an open mind, but I do not feel that I can approve the filing for Arkansas at this time." A similar letter was sent to Chubb & Son.

The Liberty Mutual filing was received by the department Nov. 29, but the department was unable to act on the matter until the past week because of the illness of Commissioner Graves. During most of December and the first few days in January he was hospitalized with virus pneumonia.

File Directly with Department

Both filings were made directly to the insurance department rather than through Arkansas Inspection & Rating Bureau, of which both Liberty Mutual and Chubb & Son are subscribers. The inspection bureau, however, in a letter to the commissioner to clarify its position on these filings said: "It is our opinion that deductible fire insurance is a deviation and should be treated as such and that it is not an independent filing.

"We feel that deductible fire insurance is not in the best interest of the insuring public and that the filings should not be approved." Director Walter Plangman called attention to the fact that Alabama, Florida and South Carolina had disapproved the Chubb deductible plan.

The bureau director cited nine points why the filings should be disapproved. Deductible fire insurance, he said, would encourage creation of self-insurance funds and destroy 100% indemnity; would not equitably spread the risk because buyers of deductible do not pay their share of the overall premium required for payment of smaller claims, and would tend to increase relative costs of inspecting and servicing large sprinklered and other risks having special processes which now require periodic inspection to maintain and expand fire safety requirements.

Mr. Plangman stated that use of deductible limited to large value risks or those with many locations may be discriminatory and require consideration of lower deductibles available for smaller risks and those of one location. He warned that deductibles might destroy statistical credibility of rate levels, reduce agents' commissions and that fixed company expense would not be reduced in relation to percentage reduction for use of deductibles.

Hartford Fire Takes Firm Stand Against Deductibles

In the current concentration of interest on the desirability of the windstorm deductible that arises from the huge eastern loss, there is quoted extensively the article in the Hartford "Agent", publication of Hartford Fire, by Vice-President James C. Hullett firmly opposing further application of the deductible. Hartford Fire has been a principal and influential factor in opposing spread of the deductible within the councils of company organizations and the fact that it is taking its message to "the people" is regarded as significant.



James C. Hullett

"Today we are hearing a great deal about deductibles," the article states. "Since it is a subject which may become controversial in the coming months we believe Hartford Fire Insurance Company agents will be interested in the company's appraisal of the situation.

"Our concern over the deductible situation commenced about three years ago when a mandatory clause for use in connection with windstorm insurance and the windstorm section of the extended coverage endorsement was introduced in certain states. To this device we have been generally opposed because of its ultimate effect on windstorm rates, windstorm adjustment practices and our dealings with policyholders. There was also the danger that it would spread to other forms of insurance where, in our opinion, it has no proper place—namely, those types of insurance which do not produce a loss frequency sufficiently great to price full coverage out of the market. The Hartford's opposition to windstorm deductibles may seem inconsistent in the light of the company's support of the form for use in Florida and the Texas Gulf Coast area. However, to us these are special situations requiring special treatment. The peculiar conditions as we see them are—first, an unusually high frequency of disturbances and, secondly, the damage separation problem which always results where windstorm and wave wash are involved.

Auto Collision Argument

"Some proponents of windstorm deductibles draw a parallel with automobile collision insurance. To this comparison we cannot subscribe, for it is well known that practically every motor vehicle operator will incur frequent minor collision claims, usually in the form of scratches and dents. Therefore, the cost of full coverage collision insurance must not only carry a very high rate, but would be uneconomic—as a practical matter—since that rate, in addition to a heavy loss factor, would have to be substantially loaded for a disproportionate adjustment charge. In other words, the loss frequency on automobile collision insurance makes necessary a rate for full coverage that is too high for general acceptance.

"These things are not true of windstorm insurance. Here the difference between profit and loss on the class is usually a question of a slight rate differential. If, from the insured's point of view, the company could not economically pay those windstorm losses which some wish to exclude by a deductible—by that we mean, if the business were obliged to load the windstorm rate with an unreasonably high adjust-

ment charge—then we would agree with those companies which advocate the use of a wind deductible. However, this condition does not prevail and so long as Hartford can pay its losses to the public and pay them at a reasonable adjustment cost, we believe it is wise for us to continue to do so—particularly when we consider that a loss of from \$50 to \$100 is a matter of considerable concern to our average customer.

"Furthermore, rating laws provide for long-range operating results that should prove satisfactory to the companies. These statutes, as you know, say in effect that the rates companies will receive are determined by their losses plus expenses, plus the agreed margin for underwriting profit. Consequently, any move which results in a drastic curtailment of loss payments will ultimately mean substantially reduced rates and the attendant higher expense ratio. Also of considerable concern to the Hartford is the anticipated reaction of policyholders when the business shuts off a large proportion of its draft distribution.

Maintenance Claims

"Another argument frequently advanced in favor of the mandatory windstorm deductible is the burden or nuisance of the so-called maintenance claims. We certainly agree that the maintenance problem exists, but we believe it is inconsequential when weighed against the long-term dangers inherent in the general adoption of the deductible principle.

"The present interest in fire deductibles comes as no surprise for a broadened application of the idea is what we feared might be one consequence of the windstorm deductibles.

"In principle, this company's objections to the use of a deductible in connection with fire insurance are those which we have just mentioned. While many proponents of the windstorm deductible urge its adoption in order quickly to reduce loss ratios—without apparent regard for the long range effects since this ultimately means reduced rates and higher expense ratios—those advocating the fire deductible argue that it is needed in order to combat non-admitted competition and regain certain business now self-insured. To our knowledge none—including the companies which have announced their intention to provide the form—wish to see the principle spread to their so-called ordinary fire business. However, as we view it, a company's chances of confining the deductible to the 'large' accounts are exceedingly slim—because the term 'large' is relative and will mean something different to each company that employs it, with the consequent creation of a variety of plans.

Question of Principle

"Once a company commences the use of a deductible scheme on a 'defensive' basis, that is—to protect itself against this reputed form of competition—it will be obliged either from a desire to treat its customers fairly, or from the very competition it creates, to make the plan generally available. Furthermore, if it is a question of principle, which we believe it is, then any attempt arbitrarily to restrict the form might be found to be violative of the rating law sections having to do with unfair discrimination.

"There always has been and probably always will be a certain portion of the available business which will gravitate to the non-admitted market under various and sundry forms and condi-

(CONTINUED ON PAGE 25)

Junker President of U. S. Fire as Wyatt Retires

Alex Ross Executive Vice-president—Parsons Still Chief Executive Officer

At a meeting of the directors of United States Fire, the resignation of Henry J. Wyatt as president was accepted with regret. Harold Junker was elected president and Alex L. Ross, executive vice-president.

Mr. Wyatt also resigned as executive vice-president of Westchester Fire and has been succeeded by Mr. Junker.

This action was taken at the regular board meetings of these companies in contemplation of Mr. Wyatt's retirement, at his own request, under the office pension plan, as president of Crum & Forster on Feb. 28, which marks his 50th anniversary with the organization.



Henry J. Wyatt

Started as Office Boy

Mr. Wyatt was employed by Crum & Forster in 1901 as office boy. He studied law and became a member of the New York bar, devoting much of his career to the management of the loss department, advancing to vice-president, executive vice-president and president. Mr. Wyatt continues on the boards of Crum & Forster and the respective companies which will retain his executive counsel based on his long and valued experience.

Mr. Junker also began his career with Crum & Forster as office boy at New York. He served as agency superintendent of the western department and manager of the Pacific department, later returning to the home office where he successively served as general agent, vice-president and as executive vice-president.

Mr. Ross has been with the organization since 1912. His training was in the underwriting department and as New York state field man, with headquarters at Rochester. In 1932 he became manager of the eastern department at the home office, later becoming vice-president.

J. L. Parsons as chairman of the boards of Crum & Forster and the insurance companies continues as chief executive officer.

Mulvehill Elected Secretary of C. & R. Companies

Vincent L. Mulvehill, formerly assistant secretary in charge of the automobile department of Corroon & Reynolds companies, has been elected secretary of all four companies in the group.

"Ad" Conference Date Set

The spring meeting of Insurance Advertising Conference will be held April 2 at the Park-Sheraton hotel, New York. The president's reception will be held Sunday evening, April 1.

Many Months Delay on War Damage Action Is Seen

Blame Injection of W. C., B. I., and Civilian Defense Worker Issues

WASHINGTON—Early war damage legislation is unlikely, according to "Business Action," organ of U. S. Chamber of Commerce. Delay is foreseen due to injection of the workmen's compensation and bodily injury issues into the war damage picture.

The same is believed true of the provision of the McKinnon bill for coverage of civilian defense workers. Such coverage would probably be free, industry representatives here believe, and it

could establish a dangerous precedent, equalled only by national compulsory health insurance, they say, in trending toward socialism in this country.

Since injection of the compensation and bodily injury idea into the war damage picture, the U. S. Chamber's insurance department is making a further study into that phase of the subject. England, France and Germany are said to have had insurance for workers during the war.

Require Further Hearings

Making for delay is the position of Senator Anderson and others that if property is to be war damage-insured, why not compensation and bodily injury. This situation will probably call for further congressional committee hearings, although no date has been set. The House banking committee is not expected to take up war damage, however, until after hearings on housing legislation, beginning probably next week.

Casualty interests are reported satisfied with inclusion of compensation and bodily injury in bills of McKinnon and Senator Ferguson. Following is "Business Action" report on the situation:

"Passage of a war damage indemnity bill may be delayed several months following failure of the Senate in the last

week of the 81st Congress to act on the house-passed bill, which would have re-activated the War Damage Corp. of World War II.

"While the legislation met with no opposition in the House, a number of senators questioned the wisdom of committing the government to the guarantee of insurance policies covering property losses from enemy bombing or other war causes, which might cost many billions of dollars.

"Also an attempt was made to amend the bill to authorize the corporation to reinsure the war liabilities of insurance companies writing workmen's compensation insurance.

"The National Chamber supported the measure in both houses pointing out that, while the total damage from bombing might be very great, the establishment of a War Damage Corporation now would establish machinery for dealing with property losses much more readily than if no machinery were provided in advance.

"The chamber also favored the reinsurance powers for workmen's compensation losses but told the Senate banking committee that it would not press for this feature now if such an amendment would jeopardize immediate passage of the legislation."

N. Y. Would Correct Abuses in Placing of Surplus Lines

NEW YORK—The New York department has issued three rulings designed to correct certain abuses in placing surplus lines. According to the department, in a number of instances excess line brokers have put business in insurers of questionable financial standing or in companies writing certain lines out of proportion to assets. Occasionally policies have not been issued for excessive lengths of time and rejections have been delayed. Excess line brokers have placed auto liability risks with companies not licensed in New York before admission to the assigned risk plan for cover in authorized insurers.

The department has ruled that every broker has a responsibility to insured to investigate the financial stability and claim practices of the companies with which he places business. Failure to use due care in carrying out these responsibilities may subject the broker to liability in damages to insured.

Also, the department ruled, within 10 days of receipt of an application for insurance in an unauthorized company, the excess line broker will ascertain and give written notice to the forwarding broker that the requested insurance has been accepted, rejected or that he doesn't know.

The insurance law requires the broker to submit all auto liability risks to the assigned risk plan before they can be submitted to an unlicensed company.

Brokers who pass along lines to excess line brokers have the same responsibilities as to financial stability of insurer. The forwarding broker should advise insured as to unusual variations as to coverage, rate, claims procedure or assessment liability.

Brokers who fail to follow the rules are subject to such disciplinary action as the department considers proper.

Insurance Transactions of RFC Are Reviewed

WASHINGTON—The Reconstruction Finance Corp. annual report shows \$600,000 liquidation proceeds of War Damage Corp. was paid into the Treasury during fiscal year 1950.

The report says during that year RFC loaned \$100,000 on preferred stock of an insurance company. At June 30, 1950, RFC had four loans outstanding on insurance company preferred stock amounting to \$8,255,000, compared to three such loans totaling \$5,309,989 outstanding June 30, 1949.

Analysis of accumulated net income lists \$2 million transferred during the year to reserve for self-insurance. An accompanying note says RFC during fiscal 1950 "established the self-insurance reserve . . . providing for (a) employee fidelity risk, (b) losses from usual causes on administrative property and properties acquired in liquidation of loans, (c) public liability and property damage resulting from the operations of automotive equipment, (d) losses resulting from tort actions committed by corporate personnel or agents, and (e) other forms of public liability.

An RFC spokesman said the \$100,000 loan referred to was made to Preferred Protective Corp., New York.

He explained the apparent increase in amount of loans outstanding on insurance companies' preferred stock was due to the fact RFC authorized loans in fiscal 1949 on which the money was not actually put out until fiscal 1950.

The \$600,000 paid into the Treasury had been set aside previously for possible settlement of claims.

The H. E. Licht Adjustment Service, Cedar Rapids, Ia., which is entering its third year, has moved to larger offices in the Higley building.

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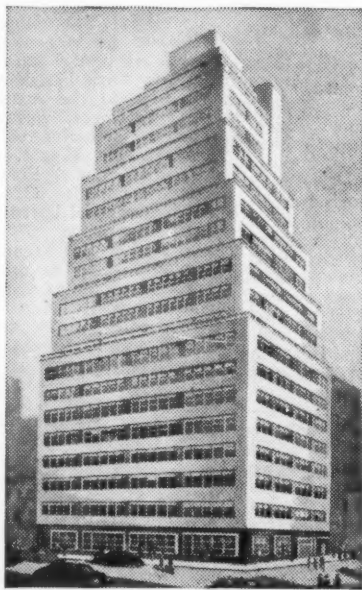
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Oppose Immediate Action on Automatic Free Reinstatement

Disposition to Wait and See How S.E.U.A. Plan Works Out

Considerable opposition has developed to immediate adoption of full free automatic reinstatement in the form recommended by Southeastern Underwriters Assn. and adopted in Georgia, Florida, South Carolina and Alabama as of Jan. 1 and in North Carolina as of Feb. 15. Few doubt eventual full automatic reinstatement the country over, but it now seems likely this will require time. The disposition of companies is to wait and see how it works out in those states and then effect a plan that will reduce work and not, possibly, increase it.

The big objection to the S.E.U.A. approach is fear it will add to the processing by the companies, a bad thing at any time but particularly so now in face of war conditions.

Some companies think that under the S.E.U.A. plan they may be required to issue a letter or notice. Actually it probably would be an endorsement handled by the agent to reinstate the policy in the case of each loss. If this should turn out to be the case, or approximately the case, the companies do not want it. It would multiply their work tremendously in event of a storm like Nov. 25 in the northeast, where there were close to 1 million losses.

Regards Premium as Unearned

There is some objection to free reinstatement, but apparently most companies accept that principle. Automatic free reinstatement up to \$100 is general and this is being increased in many states to \$500. If \$500, why not \$1,000 or more? There is, however, considerable opposition to the S.E.U.A. plan because it in effect regards the premium covering the amount of loss as unearned and returnable to insured if the company does not reinstate. Many companies believe they fully earn the premium on the amount of insurance represented by the loss payment, an idea of long standing in the fire business. The amount is very small but why give it away, especially since to do so entails added labor?

S.E.U.A., after first considering it, did not adopt the idea that the premium on the amount of loss is considered earned in the year of loss. Apparently S.E.U.A. eliminated this because of the question of discrimination against insured who pays his premium in advance. Under the S.E.U.A. plan the amount of insurance is not reduced by the payment of loss but the amount of insurance involved in the loss is considered unearned.

The reasoning here was that insured who pays an annual premium in advance loses his unearned premium on that amount of insurance involved in the loss unless he insures it, whereas under installment payment plans, if the company does not reinstate, it returns pro rata the portion of the premium for the insurance involved in the loss—the portion of the premium paid by the installment buyer, that is.

The recommendation of Insurance Executives Assn., based on the S.E.U.A. recommendation, first contained this "earned in year of loss" phraseology, but after elimination by S.E.U.A., I.E.A. in effect went along with that modification.

Many observers argue that under the S.E.U.A. plan affirmative action is required of the company on every policy

where a loss is paid. They point out that many mortgagees require reinstatement by endorsement on the policy, and that perhaps the reinstatement cannot be accomplished on policies generally by eliminating the language in the loss draft referring to reduction of insurance. Some form of notice of reinstatement, or, if the company did not want to reinstate, computation of return premium and reimbursement would be required, adding to the work of loss departments.

Under the S.E.U.A. plan the company has 60 days from loss, not proof, to give insured written notice of rein-

statement. This would be impossible in many catastrophes such as the Nov. 25 windstorm in the east, where some losses will not be finally determined for months because of the impossibility of getting to them. If the company doesn't want to reinstate, there must be correspondence. This would add also to the detail to be handled by the agent.

Anything that is worked out should, it is believed, be incorporated in all property damage policies.

The objective is to confine necessity of affirmative action in case of loss to that very small fraction, 2 to 5% of

losses where the insurer wants to reduce the amount of insurance.

Perhaps there should be something that would provide that reinstatement will not be to an amount greater than the value of the property. Auto physical damage cover restores the insurance as the damage is repaired, for example.

Address Is Corrected

The new address of the home office of State Fire & Casualty of Miami was incorrectly given in the Jan. 11 edition. It is now at 8268 N.E. Second avenue.



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by Don Herold

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Also, if you are active in the affairs of your community, check to see if your public buildings are adequately insured. We have found that many such buildings have insufficient insurance to rebuild or to repair major damage.

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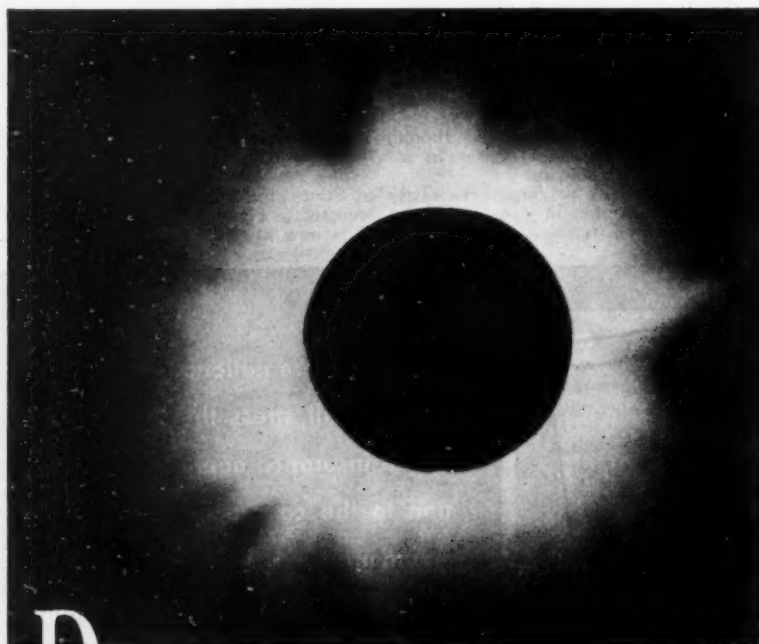
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USE MYSTERY INSURER

Day Cracks Down on Surplus Line Operators in Ill.

Insurance Director Day of Illinois has revoked the surplus line licenses of Brokers Insurance Agency, Inc., and of E. Keith Bowers, doing business as Ace Insurance Agency, both of Chicago. Surplus line brokers are permitted to place some risks in non-admitted companies provided they take adequate precautions to see that the policyholders are protected. Both of these licensees had placed policies with a non-admitted insurer known as London Amsterdam Zurich Assurance Group without determining as required by the statute that this insurer had standards of solvency and management meeting the requirements necessary for the protection of the policyholders. Formal hearings leading to this action were held in the department Dec. 29.

Repeated efforts by the department of insurance to secure authentic information as to the location and as to the solvency and management of this alien insurance company have been unsuccessful to date, Mr. Day said. This group is supposed to have been incorporated under the laws of the Dominican Republic with its principal office at Amsterdam, Netherlands.

Before being ordered early last October to cease and desist further writings, Brokers Insurance Agency, Inc., had procured during 1950 from London Amsterdam Zurich Assurance group 692 policies for gross fire premiums of \$68,782.47 and Mr. Bowers had procured 38 policies for gross fire premiums of \$7,069.83.

As a result of testimony at the hearings charging that Stanley H. Nylén, a Chicago broker, served as an intermediary in the placement of business with the London Amsterdam Zurich Assurance Group, Mr. Day is calling a hearing to determine whether the facts justify the cancellation of Nylén's broker's license. Mr. Nylén was the organizer of Great Lakes Auto Insurance Group of Chicago, which is a reciprocal.

H. A. Longshore Heads Ala. Commerce Department Insurance Under His Wing

Herman A. Longshore, for the last 11 years Mobile manager for Preferred Life Assurance Society of Montgomery, has been appointed director of the Alabama department of commerce. He succeeds D. A. Marley.

Whether Mr. Longshore will act as superintendent of banks and of insurance, as he is empowered to do under the law as director of the commerce department, was not immediately made known.

Mr. Longshore, a cousin of Spencer H. Longshore, president of Preferred Life Assurance, was that company's manager at Nashville for two years before going to Mobile. He attended business college in Atlanta and later went into the banking business in New York City. For a time, he was in the stock, bond and insurance business in Columbus, O., later moving to Birmingham.

A past president of the Mobile Optimist Club, he was chairman of that organization's vice and gambling investigation committee that stirred up a recent grand jury investigation of conditions in that city.

Plans Youth Awards

WASHINGTON—Philip L. Baldwin, executive secretary of National Assn. of Mutual Insurance Agents, has announced launching of a "youth-incentive" program with weekly awards of "alert citizen" medals and plaques to American boys and girls for saving life and property.

WANTED

A Fire Company which is interested in producing a volume of business in Iowa and western Illinois without the necessity of maintaining a paid fieldman and his staff.

We have a well-known organization with a number of contracts in this territory and would be willing to put a man on the road regularly on the right kind of proposition. Because of our connections, the class of business produced should have a very low loss ratio.

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Amended Rule on Retrospective Rating Shown

Due to the fact that amendments were decided upon after the committee report had been adopted, the text of the proposed rules governing auto finance business that received approval of National Assn. of Insurance Commissioners at Los Angeles, as printed in THE NATIONAL UNDERWRITER of Dec. 21 differs from what is the official text. The changes are found in section 11 which was the most controversial part of the rules, dealing as it does with so-called retrospective rating whereunder traditionally the insurer has kept 20% of the premium and the finance factor has been entitled to such of the remaining 80% as was left over after it paid the losses. The final version is being characterized by retrospective insurers and their agents as "something we can live under." This is the way it reads after the final amendment at a breakfast conference at Los Angeles after the report had already been mimeographed:

"No insurance company shall enter into or renew any contract or agreement with a producer directly or indirectly under which the insurance company contemplates retention only of a limited percentage of the entire premium to provide for expenses, strictly those of the home office operations and for taxes, bureau membership and profit and reserve the entire balance of such premium income for losses, loss expense and producers compensation provided, however, that nothing contained in this rule shall prevent the insurance company from lawfully paying to the agent or other representative a contingent commission based upon underwriting results. No agent or representative who, or which is a party to such a contract shall have the right to adjust or settle losses incurred under policies written by him or it. Such a contract shall not use any formula under which the company retains less than its home office overhead and a reasonable share of the underwriting profit."

St. Louis Brokers Elect Bialson as President

Raymond H. Bialson, Charles L. Crane agency, has been elected president of Insurance Brokers Assn. of St. Louis. Vice-presidents are Robert F. Smith and Alvin W. Hesse; secretary, Clyde H. Scott, and treasurer, John T. Hellmuth.

Failure to Protest Agent's Acts Waives Company Right

Insurer, by allowing its agent to fill out a value reporting policy as to monthly inventory, and by failure to protest delays in submitting reports, waived the policy provision that liability is limited to the last value reported prior to a fire, U. S. court of appeals held in *Columbia Fire vs. Boykin & Tayloe*.

Boykin & Tayloe, a Norfolk, Va., concern, bought a \$20,000 value reporting policy from Columbia Fire of Dayton on Aug. 1, 1947, and renewed the policy in 1948. There was a fire on March 18, 1949. After the fire the insured reported an inventory value of \$24,015 as of Feb. 28 and requested payment of \$20,000. Columbia Fire offered to pay \$12,539, the value reported as of Aug. 1, 1948, and contended that that was the limit of its liability since the policy required that monthly reports should be submitted within 30 days after the end of each month.

It was brought out during the trial that the policy was taken out at the recommendation of the agent, who told the insured that he would handle any and all details, reports, premium rates, adjustments, and all matters involved, this being "a part of his routine service to customers." The insured never filled

out any monthly reports, but relied on the agent to check with him from time to time as to values and report them to the company. This was done at irregular intervals and not within 30 days after the end of each month. At no time did Columbia Fire require that such reports be filed within 30 days, and it was the agent's practice to accumulate the information in his office and send it along, sometimes in batches of five months at once. It was not until after the fire that Columbia Fire claimed, for the first time, that it had received no report since early in the month of August, 1948.

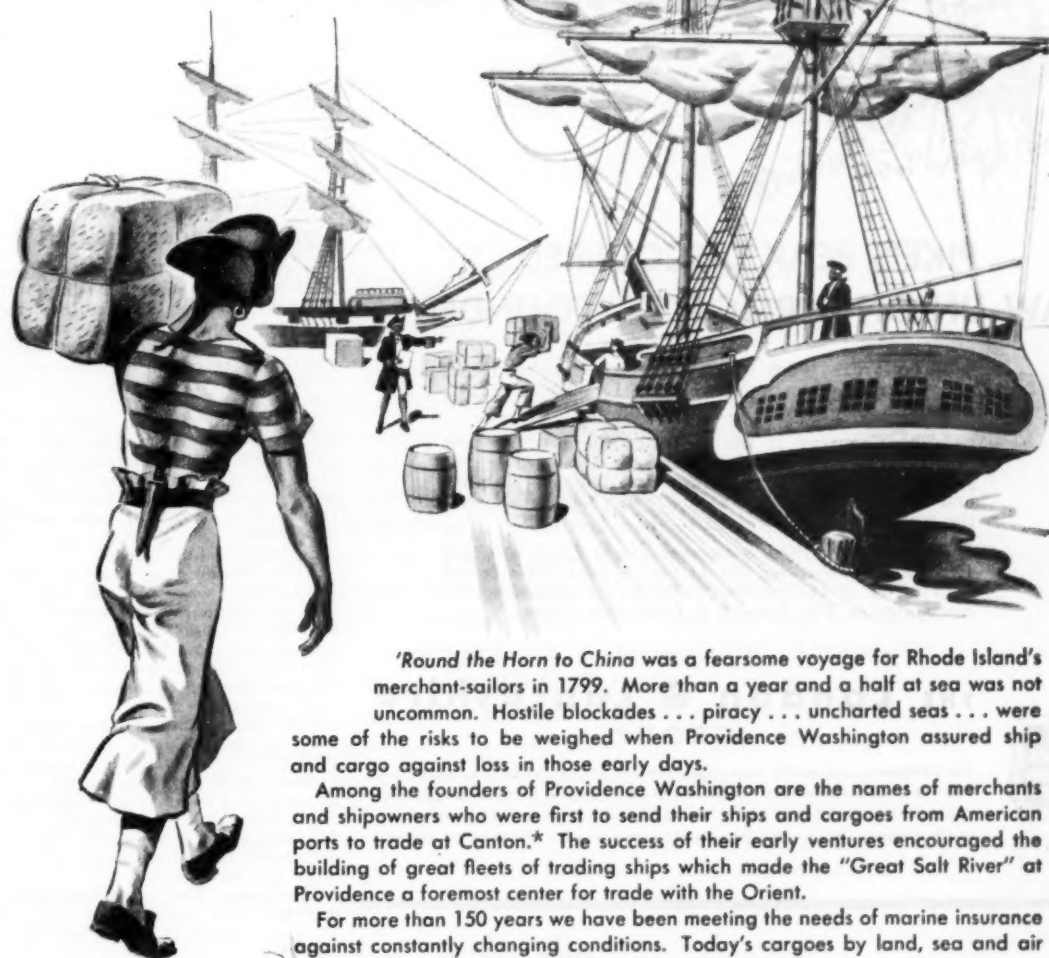
The court said that it did not hold

that mere failure of Columbia Fire to notify the insured of its omission to make monthly reports amounted to a waiver by the company of the provisions of the policy. Since the insured has the right, it it sees fit, to omit making a monthly report and thereby reduce its insurance, the company may infer that the insured desires to limit its insurance in the amount shown by the latest report, and consequently there is no duty on the part of the company to jog the memory of the insured. The court said its conclusion of waiver was based not merely on the acts of the agent with respect to the monthly re-

ports, but also on the approval of the agent's acts by the company, which was indicated by the evidence in the case. The court went on to say that it was not holding that Columbia Fire is liable merely because the agent represented to the insured that he would take care of the monthly reports, but also because the company was aware of the agent's course of conduct and approved of it. "We have here a waiver based not entirely on the acts of the insurer's agent, but a waiver by the insurer itself."

Columbia Fire vs. Boykin & Tayloe, U. S. court of appeals, fourth circuit, CCH 27 (Fire & Casualty) 340.

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Among the founders of Providence Washington are the names of merchants and shipowners who were first to send their ships and cargoes from American ports to trade at Canton.* The success of their early ventures encouraged the building of great fleets of trading ships which made the "Great Salt River" at Providence a foremost center for trade with the Orient.

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You will find Providence Washington Branch Service Offices and Agents in principal cities from coast to coast.

*The ship, *General Washington*, was one of the first American trading vessels to reach Chinese waters. She cleared from Providence with a cargo of anchors, cannon shot, bar iron, ginseng, tar, Jamaica spirits, New England rum, and Madeira wine and brandy. She returned laden with teas, silks, china, cotton goods, lacquered ware, flannels and gloves.



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National Board Elects Harold Smith Treasurer

Harold V. Smith, president of Home, has been elected treasurer of the National Board to fill the unexpired term of Bernard M. Culver, chairman of America Fore, who has resigned.

Mr. Smith has been active on committees of the board for many years. He was chairman of the arson committee from 1930 to 1934. In 1933 he became a member of the committee on adjustments, and served on the

executive committee from 1942 to 1945. In 1945 he was named chairman of the finance committee, and served until 1948. Since 1948 he has served on the executive and finance committees.

Adjusters' Chicago Meet

The executive committee of National Assn. of Independent Insurance Adjusters will be meeting at the Congress hotel, Chicago, Jan. 19-20. R. M. Hill of Detroit, the president, will be in charge.

Leslie Renamed in Pennsylvania

HARRISBURG, PA.—Gov.-elect Fine has announced the reappointment of



A. C. Leslie

Insurance Commissioner Leslie, who was named insurance commissioner last spring during a primary election fight after Gov. Duff fired former Commissioner Malone as a political opponent in an intra-party fight.

Mr. Fine was subsequently nominated and elected on a ticket supported by Duff and Leslie. The new governor is known to have approached Malone for his support during the general election campaign but the differences were apparently never completely patched up. Both Leslie and Malone are residents of Pittsburgh.

Mr. Leslie said that "in the short time that Mr. Leslie has been insurance commissioner he has fulfilled the duties of his office admirably, and demonstrated that he will administer the department capably."

Mr. Leslie, 54, is a graduate of Princeton and University of Pennsylvania law school. He was solicitor for the sheriff of Allegheny county, assistant county solicitor and district attorney before being named to head the insurance department.

Expect Better Results on Cotton Business in 1951

Business for cotton fire and marine underwriters was rather disappointing in 1950. The smallest cotton crop in history, reduced premium rates effective last August, and governmental restrictions on cotton exports combined to form a rather gloomy picture toward summer's end.

By the end of 1950, however, cotton bales were valued at \$200 each, which represented a 30% increase over prices prevalent the latter part of 1949. This helped business somewhat. The sparse 1950 cotton crop had been caused by abnormally wet weather and unusual prevalence of boll weevil.

Underwriting experience for 1950 was good. There was only one large cotton fire, in Georgia, which caused a \$750,000 loss. Underwriting practices remained the same and assured as in the past were able to benefit by the inspection services of companies and inspection bureaus.

The cotton underwriting outlook for 1951 stands in sharp contrast to the 1950 picture. Capacity crops have been planted and prognostications indicate this will be a boom year. Heavy planting was prompted by accelerated war output and general mobilization. Cotton underwriters are optimistic for 1951.

Merchants Fire and Merchants Indemnity have moved their offices from 45 John Street to 225 Broadway in New York City.

A-Bomb Defenses Are Reviewed

About 70 turned out for the luncheon Tuesday of the insurance group of Union League Club of Chicago to hear an account of the civil defense plans for that city which in a large measure are to serve as a pattern for the country as a whole. E. M. Griggs, associate general counsel of National Board, presided. Frank McAuliffe, chief of the Chicago Fire Insurance Patrol, introduced Anthony Mullaney, chief fire marshal of Chicago who gave an outline of what has been done, in succinct fashion.

A. N. Guertin, actuary of American Life Convention, was called on briefly to tell something of the problem of the life insurance companies in connection with the A-bomb peril and Kermit Hill, secretary of Springfield F. & M., told about the war damage picture from the fire and casualty standpoint. He pointed out that during the last few months a new type of war exclusion has appeared in the extended coverage contract and this specifically mentions atomic fission and radioactive force and undeclared war. There are questions as to how this fits with the war risk exclusion in the 1943 New York standard fire policy.

He recalled that the bill to reactivate War Damage Corp. had passed the House, and failed to pass the Senate before adjournment of the 81st Congress. That bill was almost identical to the 1942 measure. It is now suggested that an insuring clause be designed that will fit more nearly the exclusion clause of commercial insurance. There is a strong plea by the casualty companies for WDC coverage on workmen's compensation and the mutual agents are trying to get the participating principle established which Mr. Hill remarked is not being seconded with crusading zeal on the part of the stock fraternity.

Legible Coinsurance Stamp on La. Policies Required

Failure to comply with a state law which requires stamping on the face and back of a policy that it is subject to a coinsurance clause has the effect of invalidating the clause, Louisiana supreme court decided in Jonesboro Lodge 280 of the Masons vs. American Central.

The lodge building burned down Feb. 9, 1948, and appraisers fixed the value of the building at \$40,000 and the amount of loss at \$2,671. American Central offered to pay \$445, one-sixth of the loss and the extent of American Central's liability under the coinsurance clause.

The main argument of the insured was that the policy was not stamped on the front and the back legibly, and with this the court agreed. There was a stencil marking on the policy, but it was blurred and illegible. American Central contended that there were some words which were clear enough to place the policyholder on guard and that it was the duty of the insured to find out what was meant by the legend thus stamped. The court said the law does not impose such duty on the insured, but requires the stamping to be in such a manner that it can be readily read and effectively direct attention to the fact that the policy has been issued subject to a coinsurance clause.

Jonesboro Lodge No. 280 of Free & Accepted Order of Masons vs. American Central, Louisiana supreme court, CCH 27 (Fire & Casualty) 332.

Attorney Cincinnati Speaker

Robert G. McIntosh, trial attorney, will speak before Cincinnati Fire Underwriters Assn. meeting this week on "Why Liability?"

Mr. McIntosh has handled negligence cases for insurance companies over a period of years and will deal with the development of the law of negligence as it relates to fire and casualty claims.

New officers will be elected.



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Capt. Z. M. Pike, a member of the Lewis & Clark Expedition, discovered the 14,109 ft. peak. This is one of a series of historical advertisements regarding the companies of The London & Lancashire Group.

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950 Attend Memphis Instructors Meeting

There were 950 registrants from 38 states, District of Columbia and Canada attending the annual fire department instructors conference at Memphis last week. This was an increase of 175 over those on hand last year. The conferences are sponsored jointly by the fire prevention department of Western Actuarial Bureau and the Memphis fire department.

Nearly 100 persons, including a number of insurance men, appeared on the program, which was timed to the second and included lectures, demonstrations, motion pictures, sound slides, panel discussions and skits. A half hour condensation of the civil defense panel led by Horatio Bond, chief engineer of National Fire Protection Assn., was telecast over a local station.

Captain W. D. Rogers, Tennessee Inspection Bureau, who attended the first conference at Chicago when there were only eight persons present, and who with R. E. Vernor, fire prevention department manager of W.A.B. and chairman of the conference, constitute the only persons who have attended all 23 of the meetings, was awarded an honorary membership badge by the members of the fire department.

W. L. Ford, Factory Association, who was in charge of publicity, presented each of those in attendance with a summary of the first three days' sessions and a news release for their local papers.

Cancel Insurance Society 50th Anniversary Luncheon

In view of the national emergency, Insurance Society of New York has cancelled its golden anniversary luncheon which was scheduled for Feb. 26.

In announcing this decision, Richard V. Goodwin, president of the society, declared that the uncertain situation affecting all schools and colleges called for this economy measure. In place of the luncheon, there will be a meeting of the golden anniversary committee Feb. 26 to lay plans for the society's second 50 years.

D. C. Admissions Plan

WASHINGTON — The Hospital Council of the National Capital Area has negotiated through Life Insurance Assn. of America a hospital admissions plan under which the hospitals will recognize the group hospitalization coverage of 28 companies in checking patients out. That is the hospitals will look to these insurers for payment rather than to the patient.

The council has 21 member hospitals, but not all of them have agreed to the plan, according to Henry D. Hamilton, executive secretary of the council.

Similar plans are in effect in Chicago, New York, Minneapolis-St. Paul, St. Louis, San Francisco and a number of other cities.

Downey to Home Indemnity

Home Indemnity appointed Lawrence Downey superintendent of the bonding department at San Francisco. He formerly was with Hartford Accident as assistant superintendent of the bonding department.

Miller, Leslie Booked

Melvin Miller of Fort Worth, president of N.A.I.A., and Commissioner Leslie of Pennsylvania have been booked to give speeches at Pittsburgh Insurance Day Jan. 27.

Several Founders Changes

Founders of Los Angeles has made several changes. Byron Todd becomes superintendent of the group loss department at San Francisco; Arthur B. Severance goes from San Diego to San Francisco as head of the loss department; Richard C. Leffler becomes branch claims manager at San Diego; Henry W. Payne, casualty claims su-

pervisor at the home office; Paul R. McIntosh, assistant in the Fresno claims office; W. C. Morrison, assistant to the manager at San Francisco; C. F. Jenkins, assistant to the head of the fire engineering department.

In addition to the companies already listed, Louisiana has now licensed Firemen's Mutual of the factory mutual group.

Ralph von Briesen, Milwaukee attorney, has been elected a director of American Mutual Fire.

All Underwriters Adjusting Officers Are Reelected

All officers of Underwriters Adjusting Co. were re-elected at the annual meeting at Chicago Tuesday. T. A. Pettigrew is president; H. A. Clark, Loyalty Group, and Earl Gibbs, Boston, are vice-presidents, and H. A. Pettigrew is secretary-treasurer. The general

manager is K. C. White, and Fred King is assistant general manager.

Kelly to Springfield Group

William K. Kelly has joined New England of Springfield F. & M. group as superintendent of the payroll audit division. Mr. Kelly was with Employers Liability for 15 years, the last eight as payroll auditor. After army service he joined American Mutual Liability as payroll auditor, later becoming district auditor for the Boston territory.

1851
1951

We have
Second and Third Generation
descendants...

among our agents. And, the very fact that these descendants of our original agency founders represent us, of their own volition, is highly flattering to us. There's plenty of truth to "You can't choose your relatives, but you can choose your friends." And, to our way of thinking, our agents are our best friends.

When the Royal Insurance Company, Ltd. began operations in the United States in 1851 — six years after its organization in Liverpool, England — who could vouchsafe what success it would make, how long it would be in business and what great good it would do through reimbursement of claims yet unforeseen? All that was definite was that several prominent New York businessmen formed what was then styled the Board of Management or Advisory Committee, and that one by one agencies were established, first in the principal cities — then towns and villages — of the United States.

Fair dealing, good service, prompt and equitable loss settlements, facilities for writing and servicing an agent's business at home and abroad — yes, these and many more PLUS qualities must have held the descendants of original agency founders fast in our century-fold of mutually satisfactory dealings. And, may we say that we hope future generations will continue to feel the same way.



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IN THE UNITED STATES

1951

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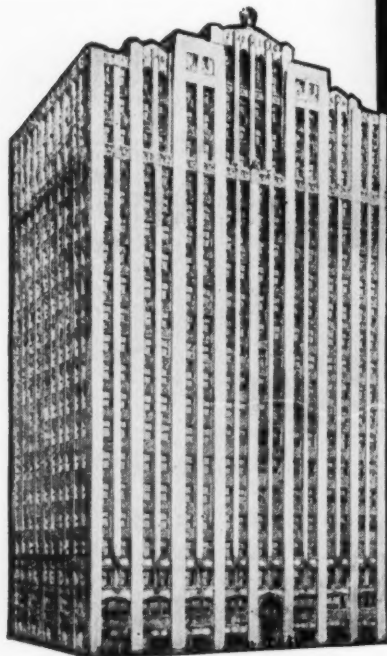
150 WILLIAM STREET, NEW YORK 8, N. Y.

Stress Safety at Yacht Show

Marine insurers and brokers figure among those exhibiting displays at the National Motorboat Show in New York. Emphasis is on safety subjects such as inspection methods and use of fire fight-

ing equipment.

Among the participating insurers are Standard Fire and Automobile. New York brokers represented are C. A. Hansen, Parsons & Co., and D. W. Sylvester Co.



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NEWS OF FIELD MEN

Hanover Field Men in West Hold Roundup at Chicago

Field men in the western department of Hanover are meeting this week at Chicago. About 35 field men in the central west states are attending, and on hand from the home office are F. Elmer Sammons, president; John Rygel, vice-president, and James L. Dorris, secretary. Paul H. Barr, vice-president in charge of the western department, is in general charge. The sessions are being conducted at the Edgewater Beach hotel, and Tuesday night there was a banquet that was attended by about 75.

N. Y. Field Men Elect

At the annual meeting of Underwriters Assn. of New York state at Syracuse last week, R. O. Reid, North British, was elected president. The vice-presidents are F. A. Beugless, Home; W. S. Maguire, Pennsylvania Fire, and George Nelson, Commercial Union. W. T. Carlson, Crum & Forster, is chairman of the executive committee, of which the new members are Roy Corey, National Fire; A. C. Kenyon, Aetna Fire; Lawrence Newman, Commercial Union, and Alfred A. Smith, Yorkshire.

Barmore in Nevada Field

Edward A. Barmore has been appointed special agent for Home in western Nevada. He had previously served as a fire underwriter with the company at San Francisco.

DiStefano in Cal. Field

Mario C. DiStefano has been named special agent in the Sacramento, Cal., and north coast territory for New Zealand and South British. He is a graduate of Stanford University and was formerly with Pacific Fire Rating Bureau. He succeeds Robert L. Brown, who resigned because he expects an early call to service.

Fire Chiefs Honored

John Alderson, chief engineer of the Los Angeles fire department, was the honor guest at a meeting of Southern California Fire Underwriters Assn. at which 18 fire chiefs of Los Angeles county also were guests.

J. W. Stevens, National Board, outlined the 1951 fire prevention program of International Assn. of Fire Chiefs.

To Hear Ward in Indiana

W. B. Ward, manager of Indiana Audit Bureau, will speak at the Jan. 22 meeting of Indiana Fire Underwriters Assn. at Indianapolis. He will discuss recent rules and forms changes, including the new farm form.

Plan Missouri P. R. Tour

The speakers' club of the Missouri public relations committee, Kansas City, is now meeting every other week in preparation for the annual public relations tour of the state.

The tour will be made either in late April or early May, according to E. R. Hobbs, Fidelity & Guaranty, who is co-chairman of the club with Ray C. Snodgrass, Crum & Forster.

There are 33 members of the club, all field men with headquarters at Kansas City.

Hardin Made State Agent

America Fore has named David L. Hardin state agent in charge of western Washington, succeeding John D. McAnally who has entered the local agency business at Longview. Mr. Hardin has been in charge of the service office at Seattle.

Following navy service, Mr. Hardin joined Washington Surveying & Rating Bureau. In 1947 he went with America Fore as an engineer.

Cole in New England Field

American has appointed Bremner G. Cole special agent for the New England department, replacing Special Agent R. M. Griswold, who has resigned to enter a local agency.

Mr. Cole after navy service took the home office course and spent two years in the inland marine underwriting department there. For two years he has been at Cleveland and Cincinnati as marine underwriter and special agent. He will work out of the group's New England department at 61 Batterymarch street, Boston.

Shift Niederlitz in Ohio

American has transferred Vernon M. Niederlitz, special agent, to southeastern Ohio, replacing George Wander, resigned.

Mr. Niederlitz most recently has been in the southwestern Ohio field, following a number of years in the home office underwriting department. His headquarters will be in the Huntington bank building, Columbus.

Sun Names Maberry

Tom B. Maberry has been appointed special agent for Sun in Arkansas, Kansas and Oklahoma, assisting State Agents J. C. Dulany and L. H. Singleton. He succeeds Henry C. Pfenninger, who has been transferred to Kentucky as state agent. Mr. Maberry has had office and special agency training. He will have headquarters at Oklahoma City.

N. J. Field Men to Elect

New Jersey Insurance Fieldmen's Assn. will hold its annual meeting at Newark Jan. 22.

Following the luncheon and election there will be a discussion on the Nov. 25 hurricane and the settlement of losses.

Scotland Ass't N. E. Chief

Phoenix-London has named James C. Scotland assistant manager of the New England field with headquarters at Boston. Mr. Scotland, who joined the company in 1946, has been acting assistant manager for the past year.

Van Lear Promoted in Va.

Hunter Y. Van Lear has been made state agent for Home at Roanoke, Va. Mr. Van Lear joined Home in 1946 as a special agent at Richmond. In 1949 he was given supervision of southwest Virginia.

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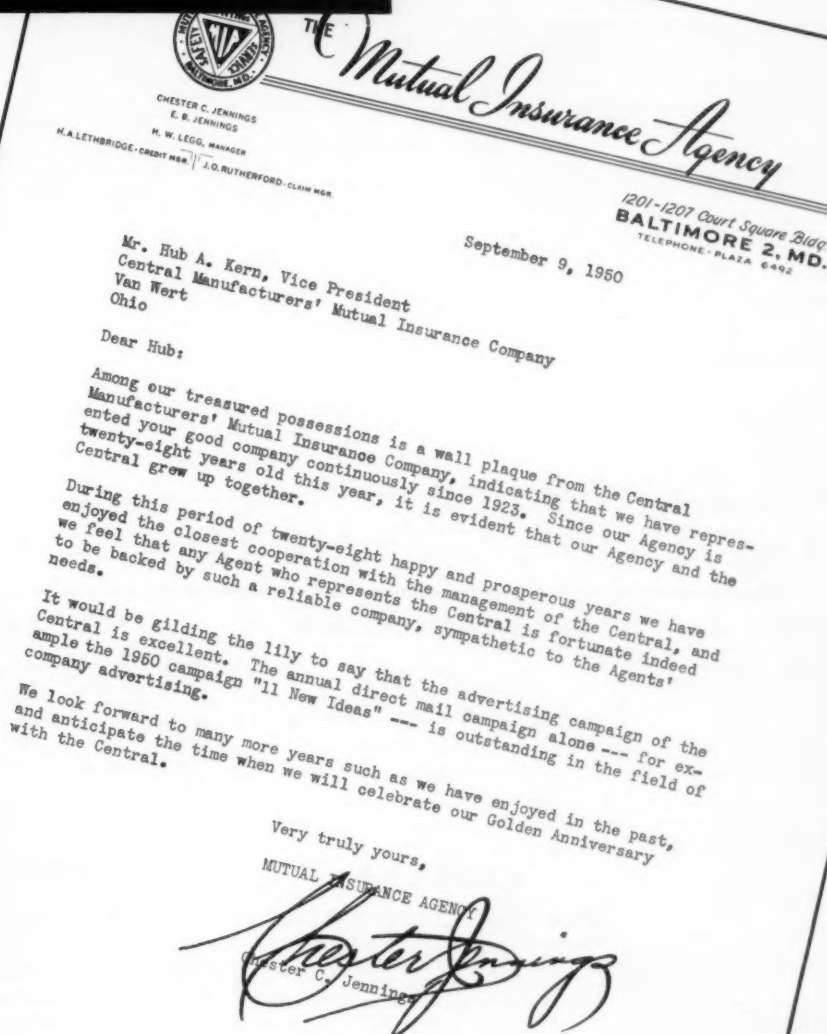
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ANALYSIS OF EPT

Companies Likely to Use Capital Method Figured on Asset Basis

By MALCOLM JOHNSON

Everett & Johnson, New York City

The following is a summary of some of the major provisions of the excess profits tax.

OVER-ALL SUMMARY

The combined normal tax and surtax rates for 1950 will remain at 42% (or between 41 and 42% where partially tax exempt U. S. interest is received). The normal tax rate for 1951 is unaffected and the surtax rate for 1951 is increased from 20% to 22%.

The act imposes an excess profits tax of 30% on excess profits tax net incomes in excess of the excess profits credit, which can never be less than \$25,000. The excess profits tax is separately computed. Since no credit or deduction is allowed against the normal tax net income or the normal tax or surtax, it is unnecessary to recompute

the income tax for each change in excess profits credit as under the second war law. There are technically three separate income taxes, normal tax, surtax, and excess profits tax. All of the provisions of chapter 1, dealing with returns, times of payment, deficiencies, interest, etc., are accordingly applicable to the excess profits tax.

Percentage Factor for 1951

For the calendar year 1950 the tax is calculated by determining the adjusted excess profits net income for the entire calendar year and by prorating the tax to the number of days subsequent to June 30, 1950. The percentage factor attributable to the period after June 30 is 50.4109589% and the effective excess profits rate for the calendar year 1950 is 15.1232876% applied to income for the entire year.

In view of the surtax exemption of \$25,000 and the minimum excess profits credit of \$25,000, the effective rates for 1950 and 1951 can only be expressed in

*locks of income, and may be summarized as follows:

| | 1950 | 1951 |
|--|-----------|------|
| Total tax rate on portion of income under \$25,000 | 23% | 25% |
| Total tax rate on portion of income in excess of \$25,000 but less than the excess profits credit—normal tax plus surtax | 42% | 47% |
| Tax on portion of annual income in excess of excess profits credit or \$25,000, whichever is higher—normal tax plus excess profits tax | 57.12 + % | 77% |

In spite of the above rate brackets, the excess profits tax cannot exceed a figure representing the difference between 62% of excess profits net income before credit and the aggregate of normal and surtax recomputed by using the excess profits net income as the normal tax and surtax net income. This has the effect of providing an aggregate

maximum tax of 62% on the portion of net income exclusive of capital gains and a single tax of 25% on long-term capital gains, or 47% on short term capital gains. Under the previous law the over-all limitation was computed by reference to the surtax net income which, of course, included capital gains. The present method is therefore more favorable.

Adjusted Excess Profits Net Income

The starting point is normal tax net income to which certain adjustments are made. The more important are the elimination of all dividends on foreign and domestic stocks and capital gains. The result is "excess profits net income" there is subtracted the credit, which may be computed either by reference to invested capital or to the average base period net income. No election is required on the return as between the two basic methods and the higher credit will automatically be used at all stages of the audit or proceeding. A minimum credit of \$25,000 is provided.

Invested Capital Credit

The invested capital credit may be computed under the so-called asset method or under the historical capital method. Either method embraces a combination of equity capital and borrowed capital. An elected between the asset and historical capital methods must be made on the return, which will be binding for the taxable year but not for subsequent years. This is the only election which is required by the law.

(1) Asset method. The asset method determines equity invested capital in accounting terms, namely, the excess of assets (usually at cost) over liabilities. Liabilities are in general those reflected on page 5 of the 1949 statement including loss reserves at schedule P figures. To such excess as of the beginning of the year there is added 50% of reserves required by law. In general it is probable that these will be limited to reserves of a peculiar insurance nature under Supreme Court cases dealing with the 1916-1921 income tax law.

Supreme Court on Reserves

Under the income tax law prior to 1921 insurers were allowed to deduct the "net addition required by law to be made within the taxable year to reserve funds." The Supreme Court disregarded the importance of the word "funds" and held that while the phrase "reserves" included reserves required by departmental regulations as well as specific statutory provisions, the term did not comprehend reserves or liabilities for operating expenses such as rents, taxes, and the like, but included only reserves peculiar to insurance and founded upon the insurance contract itself. It seems almost certain that the Treasury will similarly limit the meaning of "reserves required by law". This might be extended to cover the reserve for premium taxes, though this is somewhat questionable. But such things as unpaid rent, other taxes, interest due, commissions due, salaries due and the like would not be included as "reserves."

Such reserves should include loss reserves (schedule P excluding voluntary), loss adjustment expenses, credit reserves and possibly premium tax reserves. Borrowed capital is included on an average basis at 75%. For such purposes two-thirds of the mean of the initial and ending unearned premium reserve is treated as borrowed capital, meaning that 50% actually enters into invested capital. Special credit is provided for an aggregate net loss incurred either from 1940-1949 or 1946-1949. The foregoing elements are aggregated and

(CONTINUED ON PAGE 24)

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COMPANIES

T. J. Butler Retires as Vice-president of Travelers Fire



T. J. Butler

Thomas J. Butler, vice-president of Travelers Fire and Charter Oak, in charge of the fire and marine agency departments, has retired on advice from his physician. Before joining the company in 1925 as special agent in Indiana, he had served as state agent in that territory for American, Northern Assurance and National Union. He transferred to Travelers home office in 1928 as assistant superintendent of agencies, and was appointed superintendent in 1934. In 1947 he advanced to vice-president.

Murchison Forms New Dallas Multiple Line Insurer

DALLAS — Formation of a new fire and casualty company to be known as Insurers' Corp., has been announced by Kenneth Murchison, Dallas local agency head. The company will start with assets in excess of \$1 million and capital of \$250,000. It will begin active writing of business early in February, though its license dates from Jan. 1.

It reinsured the business of Texas United Lloyds as of Jan. 1, when the latter organization retired from business. Mr. Murchison is president of the new company, which will operate in Texas only for the time being. It will be a full multiple line company and is authorized to write all lines of insurance except life.

John L. Tracy and A. J. Anderson, Jr., are vice-presidents; Everett S. Stryker, secretary-treasurer; Donald G. Gay, general counsel, and Charles A. Abbott, assistant secretary and assistant treasurer. Wesley R. Brink will head the claims department. The manager of the casualty department will be announced soon.

Mr. Murchison has been in the insurance business here since 1931. Mr. Tracy was deputy attorney-in-fact for Texas United Lloyds and has been associated with Mr. Murchison since 1945. He previously was insurance manager for Republic Oil & Refining Co. at Texas City.

Mr. Anderson was with Home as a field man and joined the Murchison organization following the war. During the war he was a lieutenant in military intelligence and fire marshal at Oak Ridge, Tenn.

Mr. Stryker recently resigned from Factory Insurance Assn. where he was assistant comptroller, to join the Murchison organization. He had been with F.I.A. since 1947 and had had much previous company experience.

Mr. Gay is an attorney and Mr. Abbott is a tax attorney, both of Dallas. Mr. Brink resigned from Midwestern of Oklahoma City recently to join Mr. Murchison's organization. He had been superintendent of claims for the company.

Fla. Home Spreads Wings

Florida Home of Miami, which got under way last November, is preparing to enter the automobile full coverage field Feb. 1. It is getting a good start in the fire and E.C. business with premiums written running at the rate of about \$1,000 a day. Fred Bertiaux, the president, is devoting his entire attention to the affairs of the company from the offices in the First Federal Savings

& Loan building at Miami. His son-in-law, John B. Keena, is operating the Keena-Bertiaux local agency at Fort Lauderdale.

Hike C. & R. Group Dividends

Semi-annual dividends of the Corroon & Reynolds companies have been increased.

Globe & Republic's dividend payable Feb. 1 to stock of record Jan. 19 will be 40 cents a share as against 30 cents paid previously. Merchants & Manu-

facturers' dividend has been set at 27½ cents as against 25 cents semi-annually before, and the New York Fire dividend will be 60 cents Feb. 1 as against 50 cents previously. American Equitable's semi-annual dividend will be 75 cents Feb. 1 as against 62½ cents previously.

Fournier Brokerage Chief

Edward L. Fournier has been appointed brokerage superintendent of Scottish Union & National. He joined the company in 1949 as assistant to the superintendent of that department.

North Texas Men Elect

Tom R. Chatfield, Firemen's, has been elected president of North Texas Field Club to succeed R. H. Helvenston, Aetna. Other officers are: Vice-president, Virgil Hooks, Jr., Gulf; secretary, Julian H. Speed, and assistant secretary, Frank O. Long, both retired.

Mrs. Dorothea M. Belknap has become owner of the Belknap agency at Port Clinton, O., succeeding her late husband, Harry T. Belknap. The business will be operated by her son, John Belknap.

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EDITORIAL COMMENT

Right Kind of Leadership

Appearing in the Hartford "Agent," the well edited agency publication of Hartford Fire, there is an article by Vice-president James C. Hullett, expounding in a careful way his company's opposition to the idea of further extension of the windstorm deductible and to the use of the deductible in fire insurance in general. Entirely over and beyond the merits of this particular controversy, we are pleased to see a position thus openly and publicly taken by a fire insurance company management on an important topic of current interest.

The fire insurance business can stand a lot more of this kind of thing. It represents a kind of leadership that has been wanting for a long time, especially since the time of the S.E.U.A. decision and the events immediately preceding and leading up to it. We have long wished that fire insurance leaders, particularly, would come around to the idea of bringing their arguments and reasoning to the fore, for the benefit of aiding and shaping the opinion of the entire business and where necessary, that of the public also.

There is no dearth of fine intellect and good judgment and experience in fire insurance managerial ranks. Within the councils of company organizations there is great wisdom in the debates and in the various reports that are made, but the traditional practice has been to shield from public gaze and the gaze of what is known as the "industry" in general, all but the net result of these meetings and councils. There has not been brought forward directly and openly the utterances, opinions, arguments, facts and figures that have determined the limited circle in arriving

at their final decisions. As a matter of fact, it is not so many years ago that the company people tried to discourage reference to a topic that was under consideration because they didn't want to hear from agents about it before the matter was disposed of. We have come a long way from that sort of an attitude but there still exists an unwillingness on the part of many fire insurance leaders to speak publicly beyond the confines of committee or conference rooms.

When a man of Mr. Hullett's authority and a company of Hartford Fire's position speaks out in this way, it is doing a great service. It is giving to the "industry" a considered and weighty opinion on an important topic of the hour. This might very well serve as the beginning of a public debate, all of which would be to the good as it would bring out for all to ponder, facts and considerations that will help guide deliberations and action.

The actions of a few men, no matter how enlightened, in committee, no longer have the validity that they once had. The agents, the states and the public have much more of a vote than they ever had and the agents, the states and the public become very important factors to be taken into consideration in any steps that are made. We hope there will be others that will follow the example of Mr. Hullett and Hartford Fire and when they have great convictions on some topic they will be moved to set their opinions forth publicly either through a publication of this kind, through a news release, through a statement on the platform, or by some other means of communication with agents and the public.

PERSONAL SIDE OF THE BUSINESS

The Edmond T. Goodrich agency of Detroit recently completed 50 years of representation of Standard Accident. E. A. Warnica, vice-president of Standard, presented Mr. Goodrich a 50-year service plaque. A bouquet of roses was presented by the Detroit branch office of Standard. The agency was organized in 1881 by Mr. Goodrich's father and has been in continuous operation since that time.

Leonard L. Harding, Harding agency, Milford, O., observed the 50th year of the founding of his agency on Jan. 4. He has continuously represented Norwich Union during that period, receiving a plaque from that company. He will represent Connecticut Fire 50 years in 1952. Mr. Harding started 53 years ago

with A. W. Shell & Co., Cincinnati, as a clerk. After three years with the Shell and Shipley agencies at Cincinnati, he founded his own agency. A son, Leonard, Jr., who is a graduate of Purdue University, joined the agency in 1947. Mr. Harding is a director of the Milford National Bank and has been a member of the official board of the Methodist Church for 30 years. He is a former chairman of the county Republican Club.

Joseph O. Kremer has been appointed insurance manager for Deep Rock Oil Corp., to succeed C. E. Tillman, retired.

T. Ray Phillips, state agent for America Fore in Oklahoma, former most loyal grand gander of the Blue Goose, is the proud possessor of a new grand-

son, the son of T. Ray Jr. The new addition gives T. Ray, Sr., nine grandchildren, six of them boys.

Paul H. Barr, vice-president of Hanover Fire in the western department, became a grandfather for the second time last week. His daughter, Mrs. Richard Burget of Joliet is the mother of a girl named Paula Marie.

T. L. Mulcahy, Wisconsin state agent for National Fire, and Mrs. Mulcahy, announced the birth of a son, Robert William, Jan. 11. Robert is the fifth in the Mulcahy family of boys.

Patrick Boland of the Boland agency at Green Bay, Wis., was married at St. Edmund Church at Oak Park, Ill., to Patricia Healy, daughter of Mrs. Gamas Healy of that place.

Philip M. Winchester, general manager of the eastern department of General Adjustment Bureau, celebrated his 25th anniversary with the bureau last week, and a group of his associates honored him at a dinner at New York. George W. Lilly, vice-president and general manager of the bureau, presented Mr. Winchester with an appropriate scroll.

Mr. Winchester has been with G.A.B. continuously since 1926, although he had spent two previous years with the bureau at Philadelphia. He has served as adjuster, branch manager, and assistant general manager in the eastern department. He was appointed general manager of that department in 1944. He is a past most loyal grand gander of Blue Goose.

F. Elmer Sammons, president of Hanover, has been elected a director of First National Bank of Mount Vernon, N. Y.

In the Y.W.C.A. building at Springfield, Ill., there is to be a non-denominational chapel in memory of the late R. W. Troxell, veteran local agent of that city who died recently. This chapel and its furnishings are to be a gift from a close friend of Mr. Troxell who is not revealing his name. Mr. Troxell had served on the advisory committee of the Y.W.C.A. building fund, and this is the first community project that has offered a source for creating a memorial for him. Pews of white and mahogany will be installed to accommodate 30 persons. The chapel will be available for small weddings.

Tenn. Preventionists Elect

Kenneth W. Scott, National Union, was elected president of Tennessee Fire Prevention Assn. at the annual meeting at Nashville. Marshall T. Polk, Jr., Home, is vice-president, and Leon McGilton, American, is secretary. Named to the executive committee were G. Wesley Mantz, New Hampshire; John Eubank, America Fore, and W. C. Waller, Hanover.

Planet Gets \$2 Million

Stockholders of Standard Accident at the annual meeting Feb. 8, will be asked to confirm the action of directors in making available \$2 million of assets of Standard Accident for further investment in the surplus account of Planet. This would be made available in such amounts and as such times as the director shall elect. Planet is wholly owned fire insurance subsidiary.

New Canadian Adjustment Bureau Begins Operations

MONTREAL—Underwriters Adjustment Bureau, Ltd., sponsored by more than 100 fire and casualty companies to handle the major portion of claims work in this area, has commenced.



C. N. Turner

Charles N. Turner of C. H. Turner & Co., Ltd., is general manager, and his entire adjusting staff is joining the new organization. A number of the other prominent adjusting firms in Montreal are moving into the bureau with their supporting staffs.

The bureau has been established as a stock company, with shares held by more than 100 tariff, non-tariff and mutual fire and casualty companies. It will be operated as a separate and independent unit, and officers will be elected from the managerial staffs of the subscribing companies.

It is expected that the bureau will produce improved claim settlements, more uniform and more equitable adjustments, and standardized interpretation of contracts. The plan will enable the companies to retain qualified technical advisers on large losses. In addition, it will serve as a medium for pooling loss experience.

Swiss Re. U. S. Manager Is Now N. Y. Corporation

Swiss Reinsurance has appointed a New York Corporation, J. K. Battershill, Inc., as its U. S. manager. J. K. Battershill is president of the corporation; M. Strassburg, treasurer, and Charles R. Brundage, secretary.

Mr. Battershill entered the business in 1925 and joined Swiss Reinsurance in 1938 as branch secretary. He was appointed assistant U. S. manager in 1943 and served in that capacity until 1946 when he was appointed manager.

Mr. Strassburg was chief accountant of Prudential Re & Coinsurance from 1918 until that company was amalgamated with Swiss Reinsurance in 1934. He was chief accountant of Swiss Reinsurance from 1934 to 1943 when he was appointed branch secretary.

Mr. Brundage joined the company in 1931 and left in 1941 to join the armed services as a captain in the air force. Following his discharge he spent two years in Liberia with Firestone Tire & Rubber Co. and rejoined Swiss Reinsurance in 1948.

Paul Lange, industrial hygiene engineer of Employers Mutual Liability, discussed how occupational hazards can be eliminated through engineering before the Milwaukee Society of Production & Methods Engineers meeting at Marquette University.

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DEATHS

FREDERICK L. REYNOLDS, 56, superintendent of the Employers group U. S. claim department since 1948, died suddenly at his home at Arlington, Mass. He had been with Employers since 1914, starting as an investigator in the automobile division of the New England claim department. After overseas service in the first world war he rejoined Employers, studied law, was admitted to the bar and handled trials of automobile suits in the lower courts. Then he was put in charge of the New England automobile claim department, became superintendent of the New England claim department and finally head of the U. S. claim department. Last year he was chosen to take a company-sponsored trip to Europe.

Funeral services were held at Norwalk, O., Tuesday for **HAROLD S. BOWEN**,



Harold S. Bowen

president of the Bowen Company agency, who died Sunday in Lutheran Hospital at Cleveland after a long illness. Mr. Bowen was immediate past president of Ohio Assn. of Insurance Agents and a member of the truck insurance committee of the National association. For eight years he was secretary of the Norwalk Chamber of Commerce and was an authority on direct mail advertising. He had written many articles on insurance. Mr. Bowen's death was due to cancer and friends were asked, instead of sending flowers, to contribute the money to the cancer fund.

JAMES E. FOSTER, 72, former president of National American Fire of Omaha, died at St. Joseph's hospital in that city after a long illness. Mr. Foster started his insurance career at Omaha with Aetna Fire in 1895. Later he was chief examiner for Columbia Fire Underwriters of National Fire group, resigning that position to become secretary-treasurer of National American Fire in 1919. He was elected president in 1925, and retired in 1944.

THOMAS J. COLLINS, claims manager at Akron for Shelby Mutual Casualty for the past 10 years, died of a heart attack. He was 39 years old and had been with the Shelby organization 13 years.

FRED A. HENDERSON, 73, who had been with General Adjustment Bureau nearly 40 years and had retired Dec. 31, 1949, as manager at Los Angeles, died there.

F. H. STREETER, 74, veteran South Dakota and Minnesota field man and life member of the Blue Goose, died at Minneapolis. He had not been active

the past few years. His first insurance connection was with Continental in South Dakota. Later he was with St. Paul Fire & Marine in that state, then went with the Hartford Fire in its farm division, being transferred to Minnesota in the same capacity. His last insurance connection was as an adjuster for Holman & Lundquist in Minneapolis.

JOHN J. HAYDON, 64, counsel for Employers group at Los Angeles, died from a heart attack while at his desk in the office. He had been with the company since 1917.

HOWARD V. WHEELER, 76, president of Wheeler-Kelly-Hagney at Wichita, one of the best known agencies in Kansas, died at his home there from coronary occlusion. Mr. Wheeler opened an agency at Wichita in 1894 and in 1901 went into partnership with J. C. Kelly and R. V. Hewlett, his brother-in-law. In 1916 H. J. and R. G. Hagney joined Messrs. Wheeler and Kelly to form the present agency. Mr. Kelly is the only surviving member. Mr. Wheeler and his partners, who along with the agency conducted investment and trust companies, were identified in erecting nearly all of the major buildings in Wichita. A son, Winston S. Wheeler, is with the agency.

JOHN M. FLYNN, 62, cargo underwriter for Chubb & Son since 1910, died of a heart attack at his Baldwin, L. I., home. He was an active conservationist and opponent of pollution of New York's waters.

JOHN E. CUMMINGS, 53, an inspector and special agent of American in its New York office, died at Ocean-side, N. Y. He had been with American since 1948, following a number of years with Pennsylvania Lumbermen's Mutual Fire, Royal Indemnity, Ocean Accident and Commercial Union.

ROBERT T. PHARO, II, 79, who had been with Penn Mutual Life, North America and Fire Association at Philadelphia, died at his home at nearby Brookline.

MRS. GUY LANDES of Tulsa, whose husband is past president of Oklahoma Assn. of Insurance Agents and former member of the N.A.I.A. executive committee, died there.

ERNEST H. NEITZEL, 65, local agent of Horicon, Wis., who was active in both the Dodge County and Wisconsin agents associations, died at his home after a lingering illness. He had been in business 44 years.

WILLIAM S. DOOLEY, 71, local agent at Racine, Wis., for 38 years, died there.

CLYDE G. WATTERSON, 70, treasurer of State Mutual Fire of Flint, Mich., until his retirement in 1946 and long a representative of the mutual at Grand Rapids, died there.

SIDNEY JUSTEMA, 60, local agent at Grand Haven, Mich., for a number of years, died at Tucson, Ariz.

WILLIAM C. ROGERS, local agent at Asbury Park, N. J., died after a prolonged illness. He was former secretary of Asbury Park National Bank & Trust Co.

GEORGE F. BRADY, 55, city safety and insurance director of Bridgeport, Conn., since 1935, died there.

FRANK P. RILEY, 70, local agent at Peekskill, N. Y., for 50 years, died. He was a former police commissioner there.

HARRY E. FIFE, 87, local agent at Canton, O., died there. He organized the Fife agency in 1896 and had been in the insurance business for nearly 70 years.

JAMES A. HARPER, 63, with the Wilson & Co. agency of Philadelphia for 27 years, died at his home at West Conshohocken. For 10 years he operated his own agency, Harper & Co., at Conshohocken, but retired a year ago.

H. A. Coumbe Is Promoted by the National Board

Harold A. Coumbe has been appointed assistant general manager of the National Board.

Mr. Coumbe was graduated from Columbia University in 1918, and served in the signal corps during the first war. He joined the National Board in 1927, and was named assistant secretary in 1937. He has been assistant to the general manager since 1943.

Lewis J. Kribs, assistant manager casualty, fidelity and surety department of Travelers at Los Angeles, has resigned to join John H. A. Campbell, local agent and broker.

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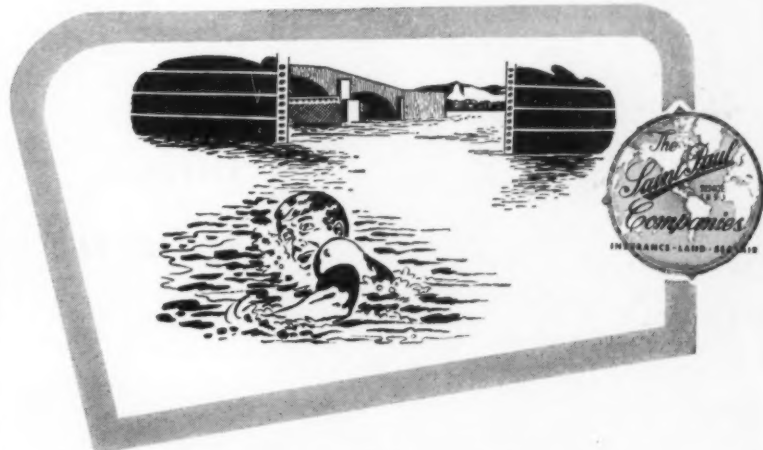
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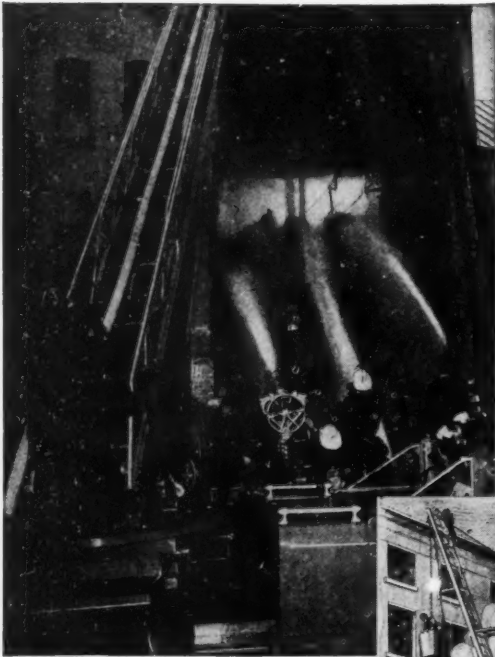
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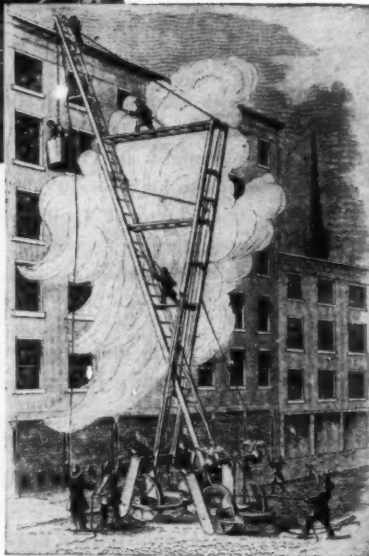
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Fireman's Fund Field Conferences Under Way

Fireman's Fund is holding its annual western department field conference at the Edgewater Beach hotel, Chicago, throughout this week. Vice-president E. D. Lawson of Chicago is in charge and the group attending the conference exceeds 125, including those from the Chicago office that are participating. Vice-presidents Fred Morasch and Ray Ellis are on from the head office and John H. Dillard, vice-president and southern manager at Atlanta, is attending. He conducted the southern department field conference the previous week. Next week there will be a field gathering at Boston, then the next week at New York, and following that at Philadelphia. Mr. Morasch will attend

all of those gatherings. Mr. Ellis will be at New York and President James Crafts will be able to sandwich in an appearance.

Crashed Airliner Carried \$300,000 on Hull with A.A.U.

The National Airlines DC-4 which skidded and crashed on an icy runway Jan. 14 at Philadelphia carried \$300,000 hull coverage with Associated Aviation Underwriters. Disposition of passenger insurance on the seven fatalities and several injured has not yet been determined. A.A.U. also carries the airline's liability cover.

The wreck was the first at Philadelphia's International Airport since its inauguration in 1941.

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Stock company fleet has openings for experienced fire field men in North and South Dakota. Replies strictly confidential. Address D-32, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Special Agent desires opportunity with Co. wanting to develop Fla. territory. 12 years successful Casualty Field Exp. with good knowledge of Fire & Marine. Now Managing Large Agency. College Degree, Age 37. Free to travel and in good health. Address D-35, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Experienced Underwriter and producer of Fidelity and BBB for executive position in Home Office of well known West Coast company. In reply give full particulars regarding experience, background and salary required. Address D-36, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

ASSISTANT MANAGER

For Home Office of growing casualty and affiliated life company. This is an excellent opportunity for a man with knowledge of Home Office procedure. Some life actuarial knowledge would be helpful. Address D-40, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

EXPERIENCED BOND UNDERWRITER

Los Angeles Branch Office. Please give age, experience and salary requirements. All replies confidential. Address F. G. Bradley, Bond Manager, United Pacific Insurance Co., 810 South Spring Street, Los Angeles 14, Cal.

CLAIM ADJUSTER AVAILABLE

in Chicago area. Has 2 1/2 years adjusting experience in Personal Injury line. Draft exempt. Address D-43, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

Field men to serve as Special Agents for Western Michigan and Western Illinois territories handling general casualty, automobile, general liability, fire, and bond sales promotion. These are good opportunities which are open due to an aggressive expansion program. Apply Personnel Department, Auto-Owners Insurance Company, 615 North Capitol, Lansing 3, Michigan.

PASADENA OFFICE SPACE

Office space available in Class "A" building on most important corner in Pasadena. From 200 to 20,000 square feet. Parking. Write T. D. Rogers, 9014 Wilshire Blvd., Beverly Hills, California.

SEEKING SMALL AGENCY CONNECTION

Pleasant, sincere, capable insurance man desires association with agency where volume demands help in handling accounts and detail. Salary and profit-sharing basis. Address D-30, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

AVAILABLE

Fire special agent or fire protection engineer, any locale, over 3 years experience with rating bureau using Dean Schedule. Twenty-eight years old, married. Responsible. References. Address D-33, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

AVAILABLE

Casualty Claims Manager. Branch and H. O. experience. Familiar with fire loss work. Prefer St. Louis or Central Illinois territory. Age 45. Address D-34, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Defense Department Holds Parleys with Surety People

Thomas Kane Is Conferring with Many Representative Groups

WASHINGTON — Following recent conferences with a delegation from National Assn. of Surety Bond Producers with his advisory board and with the Leslie casualty industry committee on the joint rating plan, Defense Department Insurance Director Thomas L. Kane plans meetings with other groups representing other segments of insurance.

The surety group offered Mr. Kane and the government the benefit of their experience and facilities. The producers were represented by a committee composed of C. W. Olson, of Chicago, president; William H. Kreidler, of Cincinnati; H. Phelps Smith, of Gale, Smith & Co., Nashville, and Carl Dauksch, of Atkinson-Dauksch Agencies, Columbus.

Glad to Receive Offer

Mr. Kane said he was glad to get their offer of cooperation. It was explained that surety agents have a lot of material in their files, aside from their personal acquaintance and experience, that will be of value to government and government contractors, particularly with respect to local contractors and sub-contractors. These data, it was said, will help government contracting officers in the field in selecting or approving sureties going on the bonds of defense contractors.

While offering their facilities, etc., to government, the producers' delegation got the benefit of Defense Department ideas and angles on problems in dealing with insurance matters.

This week there was a conference of Mr. Kane and representatives of the army, navy and air force, with a group from Surety Assn. of America, which planned to offer its facilities to the Defense Department and find out how surety companies can help the government in connection with a wide variety of bonds in connection with defense contracts.

This conference follows an informal "get acquainted" meeting and luncheon recently of Mr. Kane with a delegation composed of Martin Lewis, general manager Surety Assn. of America; Howard Starling, Washington representative Assn. of Casualty & Surety Companies; Edward R. Higgins, engineering specialist, and David Porter, educational specialist, on the Surety Assn. staff.

Other Conferences Planned

For the not too distant future, Mr. Kane planned a conference or meetings with three committees representing National Assn. of Insurance Agents, the insurance brokers association and National Assn. of Casualty & Surety Agents.

The purpose is understood to be to discuss a plan for insurance advisers to defense contractors. There was such a plan during the last war under which the adviser who was usually an agent or broker, worked for the government contractor and was paid by him instead of receiving commission from the insurance company. The government allowed the contractors to include certain

(CONTINUED ON PAGE 25)

Family Use of Business Cars Poses New Rating Problem

The practice of titling automobiles in the name of corporations and other business firms, although they are actually used by officers and members of their families as personal cars, is apparently reaching substantial proportions throughout the country, to judge from the number of questions raised by insurance men on how to handle these insurance situations. The practice seems particularly prevalent among one-man and two-man corporations, but is sometimes found among larger business organizations. Some observers speculate that the high cost of automobiles, plus the tax situation, has made this device a useful means of compensating key men or arranging for a better break in taxes.

As far as personal liability of an officer or firm member using an automobile under these circumstances is concerned, he is completely covered by the standard automobile liability provisions. The policy covers the personal liability of anyone using the automobile with the permission of the insured (the corporation or firm in this case). Likewise, since it could undoubtedly be established that the corporation knows and assents to members of the officer's family using the car, they would undoubtedly be covered as well. However, some insurance men have recommended adding the officer as an additional named insured under the policy issued to the firm under such circumstances. This procedure should take care of any border-line arguments involving some other party using the automobile with the permission of the officer or a member of his family.

Drive Other Cars Cover Needed

The drive other cars feature of the auto liability policy does not apply unless the insured is an individual and the owner of the automobile. Hence, the officer or partner does not have any coverage for driving other cars where the automobile is owned by his firm, even though he is added as an additional named insured. However, drive other cars coverage can be added by endorsement for the partner, officer or employee or "relative resident in the household," which would mean the officer's wife or children. Limited coverage, the same as in the basic automobile policy, may be written or broad drive other cars coverage may be added, if desired.

This coverage requires an additional charge for each person involved. It thus makes automobile insurance cost more than if the automobile were titled in the name of the individual, but this probably is not important enough to outweigh the other factors which are making such ownership and use so common now.

Rate Question

In states where the latest private passenger auto rating plan of National Bureau of Casualty Underwriters is in force, all such automobiles must be charged the class 3 private passenger rates. This, plus the additional charge for drive other cars cover, has caused some complaint on the part of agents and brokers. In many such cases, the exposure is exactly the same as though the automobile were owned personally by the officer or firm member, in which case the class 1 rate would apply. However, the rules are specific that all private passenger automobiles owned by corporations, copartnerships or unincorporated associations must take the class 3 rate, which is higher than the class 1 charge.

This situation, however, can work the

Agreement Reached in Mutual Benefit, United Benefit Case

Apparently paving the way for Mutual Benefit H. & A. to purchase the stock of its companion company, United Benefit Life, A. L. Pomerantz, New York attorney representing two Mutual Benefit policyholders, interveners in the action started by that company in district court in Omaha to obtain court approval for the sale, has submitted a proposed settlement agreement.

If approved by the court, the proposal will result in Mutual Benefit acquiring the United Benefit stock for the originally agreed purchase price of \$23,500,000, which was approved by the boards of both companies and also by National Assn. of Insurance Commissioners.

Under the proposed agreement, payment to United Benefit stockholders will be on the basis of \$235 a share instead of \$245, which is the equivalent of the stockholders waiving interest payments on funds in litigation, amounting to approximately \$10 a share.

Counsel for United Benefit stockholders, to whom the proposition was made, indicated that they are agreeable to the settlement proposal in order to prevent prolongation of the suits and disturbances which interfere with the normal operation of the two companies.

Effect of Joint Operations

Mutual Benefit was organized in 1909 to sell A. & H. insurance. United Benefit was created as a companion company in 1926 to sell life insurance. The settlement agreement brings out that "at the end of Mutual Benefit's 16 years of operation alone (1910-25), the agency field force through which it operated consisted (as of Dec. 31, 1925) of only about 32 general agents, six district agents and 500 sub-agents, and was poorly organized and unstable; whereas, after 24 years of United's 'side by side' operations with Mutual (1926-49), that agency field force consisted (as of Dec. 31, 1949) of 85 general agents, 144 district agents and 10,400 sub-agents, and was well organized and stabilized."

The proposal also states that during the 24 years of United's "side by side" operations with Mutual Benefit policies in force jumped from 201,084 to 2,256,228. During this same period, Mutual Benefit's annual premium income advanced from approximately \$4,900,000 to more than \$85 million.

In the agreement the United stockholders point out further that "in Mutual's and United's 'side by side' operations, the acts and conduct of their respective officers and directors have been entirely proper and equitable and Mutual and United have shared the expenses thereof upon a basis which has been entirely fair and equitable to both Mutual and United."

A bill which would provide for investigation of the administration of the Ohio workmen's compensation fund has been introduced in the Ohio legislature.

other way, in case the person who actually uses the automobile has a son or daughter under 25 years of age who regularly drives the car. In that case, if the automobile were owned by him personally, he would be charged the much higher class 2 rate, but the class 3 rate applies where a corporation owns an automobile, regardless of the age of any operators. This situation has stirred up so much comment that it is possible the rules may eventually be changed to make the rates measure the actual use of the automobile, regardless of ownership.

Mass. Plan and State Fund Are Rejected by N. D. Study Group

Private Insurance in Auto Line Comes Unscathed Through Probe

Insurance private enterprise emerges at least unscathed, if not exactly with flying colors, while compulsory automobile insurance and state fund schemes get sharply hostile recommendations in the 250-page report on automobile liability insurance by the North Dakota legislative research committee that was published under date of Jan. 13.

The final conclusion of the committee is:

"Where substantially the same results may be accomplished by private enterprise, as represented by the various types of insurance now licensed in North Dakota, it should be given preference over state-owned and operated business."

This report has been awaited with the utmost interest by insurance leaders who felt that this committee's conclusions might be of unusual significance, not only in the way of influencing legislation in North Dakota, but by way of spearheading the introduction of socialistic impulses into the U. S. in the insurance arena on the one hand, or putting such a peril pretty much to sleep if the committee should side with the private enterprise system. Since North Dakota has been a state to nurture radical movements, the theory is that if a socialistic threat can be blunted there, it has little immediate chance of passage in other states.

The committee, headed by State Senator Carroll E. Day of Grand Forks, was empowered by resolution of the 1949 North Dakota legislature to study the Saskatchewan state-owned and operated insurance scheme, the Manitoba automobile insurance laws and the Massachusetts compulsory automobile liability insurance law and make recommendations on the idea of compulsory insurance or a state insurance fund.

Mass. Went Off Alone

Besides the final conclusion cited above the committee concludes that the Massachusetts plan is not feasible in North Dakota. After 20 years no other state or province has seen fit to adopt the Massachusetts plan and North Dakota should not be an exception.

North Dakota has a safety responsibility law that comes close to requiring insurance by providing difficulties for anyone having an accident without insurance protection. This is supplemented by an unsatisfied judgment fund.

State-owned and operated insurance, if compulsory, can eliminate acquisition costs including agents fees. When this saving is passed on the cost would be less than that of private insurance. However, if the state paid agents fees the cost would be about the same as the least expensive private insurance now written in North Dakota.

When a state has laws that encourage or require people to carry bodily injury liability and property damage insurance the state has the responsibility of seeing that insurance thus required is available at reasonable rates.

North Dakota should make full use of the rate regulatory law and get rates

(CONTINUED ON PAGE 26)

Announce Plans for Mid-West Conference at Memphis

MEMPHIS—George W. Carter of Detroit will preside over the opening session of the Midwest Territorial Conference of National Assn. of Insurance Agents at Hotel Peabody here March 12, with rules, rates and form work done since the meeting in Chicago last October as the subject for discussion. Kenneth Ross, local agent, Arkansas City, Kan., is scheduled to preside at the Tuesday session on agency expense, following the rural agents breakfast at which Howard Bradshaw, Delphi, Ind., will preside.

George Goss, Nashville, secretary of Tennessee Assn. of Insurance Agents, who is chairman of convention activities, following a meeting here with officers of Memphis Insurers, hosts to the conference, announced that application forms are being mailed out. The William Linn, King Cotton and Gayoso Hotels will be used in addition to the Peabody.

Gives Military a Break

The 1951 Massachusetts automobile manual permits pro rata cancellation of auto liability insurance covering persons entering the armed services providing they show proof of entering the service and return their license plates.

Chicago Congress Feb. 20

Chicago A. & H. Assn. will hold its annual sales congress Feb. 20. The meeting will begin with a luncheon and conclude with a cocktail party.

Hartford Accident 1950 Premiums Are \$120 Million

Hartford Accident wrote a total of \$120,642,021 in premiums in 1950, an increase of 4.9% over 1949, and the largest volume of business ever written by the company. The breakdown of premium writings by lines is:

Accident \$1,670,314; health \$171,873; group accident \$487,943; group disability \$765,668; workmen's compensation \$27,088,241; auto liability \$37,945,685; auto property damage \$19,542,486; auto collision \$1,193,117; other liability \$14,280,965; miscellaneous property damage and collision \$3,310,163; fidelity \$2,418,498; surety \$5,542,115; plate glass \$1,553,441; burglary \$4,671,512.

W. T. Harper Is Owner of Maryland Casualty's First Fire Insurance Policy

The first fire insurance policy issued by Maryland Casualty was purchased by William T. Harper, president of the company, from Rodney J. Brooks, senior partner of Tongue, Brooks & Co., general agents of Maryland at



Baltimore. The No. 1 policy covers the private residence of Mr. Harper in Baltimore, and it marks the entrance of Maryland into the fire business.

At the outset, Maryland will make its fire coverages available in Maryland, Pennsylvania, New Jersey, Delaware and the District of Columbia. The company plans to extend gradually to other states and ultimately to write the coverage nation-wide.

The fire insurance division is under the direction of Vice-president F. John Barclay and Manager P. Charles Chryslers.

Chicago Claim Managers Group Elects Elliott

D. W. Elliott, Bankers Indemnity, has been elected president of Chicago Casualty Claim Managers Council. Louis A. Sthur, Employers Mutual Liability, is vice-president, and W. Edmund Peters, Assn. of Casualty & Surety Companies, is secretary-treasurer.

Claims Men Confer

Employers Liability is holding a meeting of about 15 claims representatives in midwestern cities at the Atlantic hotel, Chicago, this week. The meeting is in charge of R. L. Haskell, claims manager, and J. G. Young, superintendent of claims in the western department at Chicago. This was a meeting that Fred Reynolds, manager of the claim department at the head office, was planning to attend. He died about 10 days ago.

Dr. Kenneth Brandon, assistant medical director of Aetna Life, spoke on "Socialized Medicine" at a meeting of the Bloomfield (Conn.) Lions Club.

Mass. Governor Urges State Make Auto B.I. Rates

Governor Dever of Massachusetts has sent a special message to the legislature recommending that the state set up its own rating bureau to fix the compulsory automobile liability rates.

Rates are now made by Commissioner Harrington based on figures supplied by the company sponsored Massachusetts Automobile & Accident Prevention Bureau, and are set by zones, ranging from \$16 to \$60 a year.

The governor said there is "widespread dissatisfaction" with the present rates and a general feeling that they are "excessive" and need correction.

He added that when the compulsory insurance law was passed in 1925 the then commissioner approved the formation of an insurance company rating bureau. Governor Dever declared "the commissioner had no specific statutory authority to form it, and so far as I can determine there is no specific statutory warrant for the bureau to this day."

The data submitted by the bureau is "of an extremely elastic quality," he declared, and cannot be verified easily by an audit. The system includes such figures as estimates of outstanding unpaid losses and involves "arbitrary formulae," he commented.

The governor's recommendation calls for a provision requiring companies to reimburse the state for the entire cost of setting up the proposed new rating bureau.

Surcharge Removed from "Clean" Risks in Cal.

Commissioner Maloney of California has promulgated a ruling effective April 15 whereunder so-called "clean" risks will not have to pay the surcharge in the automobile assigned risk plan that is imposed upon so-called "convicted" risks. The "clean" risk may not be charged from April 15 the 10% extra that may be collected for "convicted" long haul trucking risks and the 15% that may be collected from other "convicted" risks.

Robert E. Blanton, field representative at Indianapolis for Standard Accident, has been transferred to Grand Rapids in a similar capacity.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago
Jan. 16, 1951

| | Div. | Bid | Asked |
|-----------------------|--------|--------|--------|
| Aetna Casualty | 3.00* | 105 | 108 |
| Aetna Fire | 2.25* | 61 | 63 |
| Aetna Life | 2.50* | 69 | 71 |
| American Alliance | 1.50* | 26 1/2 | 27 1/2 |
| American Auto | 2.00 | 41 | 44 |
| Am. Equitable | 1.25 | 26 | 27 1/2 |
| American (N. J.) | .90 | 22 | 23 |
| American Surety | 3.00 | 57 1/2 | 60 |
| Boston | 2.65* | 58 | 60 |
| Camden Fire | 1.15* | 21 | 23 |
| Continental Casualty | 2.50* | 69 1/2 | 71 1/2 |
| Fire Association | 2.60 | 61 1/2 | 63 1/2 |
| Fireman's Fund | 1.60 | 58 1/2 | 60 |
| Firemen's (N. J.) | .70 | 22 | 23 |
| Glens Falls | 2.30* | 54 | 56 |
| Globe & Republic | .80 | 13 | 14 |
| Great American Fire | 1.50* | 31 | 32 1/2 |
| Hanover Fire | 1.60 | 32 1/2 | 33 1/2 |
| Hartford Fire | 3.00* | 135 | 137 |
| Home (N. Y.) | 1.80 | 35 1/2 | 36 1/2 |
| Ins. Co. of North Am. | 5.50* | 33 1/2 | 35 |
| Maryland Casualty | .80 | 17 1/2 | 18 1/2 |
| Mass. Bonding | 1.60 | 27 | 28 |
| National Casualty | 1.50* | 34 | 36 |
| National Fire | 2.50* | 57 | 59 |
| National Union | 1.60 | 33 1/2 | 35 |
| New Amsterdam Cas. | 1.50 | 34 | 36 |
| New Hampshire | 2.20 | 41 | 43 |
| North River | 1.20 | 27 | 28 1/2 |
| Ohio Casualty | .80 | 51 | 53 |
| Phoenix, Conn. | 3.00* | 83 1/2 | 85 |
| Preferred Accident | 1.50* | 30 | 3 1/4 |
| Prov. Wash. | 1.50* | 30 | 32 |
| St. Paul F. & M. | 3.00* | 120 | 123 |
| Security, Conn. | 1.60 | 33 1/2 | 35 |
| Springfield F. & M. | 2.00 | 43 | 45 |
| Standard Accident | 1.60 | 33 | 35 |
| Travelers | 14.00* | 535 | 545 |
| U. S. F. & G. | 2.00 | 46 | 48 |
| U. S. Fire | 2.40 | 67 | 69 |

*Includes extras.



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- The secret lies in showing the client why he needs a sound business agreement — or that his existing arrangements are inadequate.
- The key to the sale is to uncover the true need in each case.
- We have data which will help you present the facts and prove the need — accurately and forcefully.
- We have insurance contracts to fit the plans that will result; standard and sub-standard; high amount limits.

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**BETTER SERVICE
THROUGH BETTER MEN**
THE EXTRA MAN TYPIFIES
SPECIALIZED HELP YOU AS A
BROKER OR SURPLUS WRITER
CAN SECURE FROM YOUR
CONNECTICUT GENERAL OFFICE

Expect \$1½ Million Loss from Chicago Warehouse Fire

The spectacular fire which burned down a four-story warehouse building at 320 North La Salle street, Chicago, Jan. 12, will produce an estimated insurance loss of upwards of \$1,500,000.

The fire caused the death of four firemen, one of them a member of Patrol 5 of Chicago Fire Insurance Patrol.

The cause of the fire is as yet undetermined, but it started on one of the lower floors and evidently swept up an elevator shaft. There was an explosion which was said to have been caused by 55 gallons of lacquer thinner stored on the fourth floor. This has been generally discounted, and one theory is that the partially consumed gasses accumulated at the top of the building and when oxygen was admitted the mixture exploded. The building was completely destroyed and there is an exposure loss to an eight-story building to the west.

Goodrich Loss \$500,000

The largest loss was that to B. F. Goodrich Co., which occupied the first floor and parts of other floors for storage of its accessories division. Goodrich carried \$500,000 insurance under an Aetna Fire manufacturers output policy, and this loss is being adjusted by Wagner & Glidden.

There was \$317,500 insurance on the building, a total loss, and the adjusters for this are Western Adjustment, Wagner & Glidden and Clement Boyle. Adjusters for the rents insurance of \$100,000 are Wagner & Glidden and Feiler-Deuss & Co.

As of Wednesday morning, the insurance line-up on the other tenants was not fully determined. Among those whose insurance was known and the estimated losses, all total are:

George E. Fox & Co., furniture, \$63,500; Wells Sales Co., \$40,000; Super Popcorn Co., \$7,600; Confection Cabinet Corp., \$70,000 to \$100,000; Frank Ryser Co., \$6,500, and Studio Quilting Service, \$3,000.

The building at 319-35 North Wells street, which suffered loss from smoke and water damage may cost about \$115,000. The building loss is judged to be about \$15,000 and water and smoke damage to tenants probably will run about \$100,000.

The burned-out building was only one building removed from the Merchandise Mart, which houses the NBC radio and television studios. The television people got on the roof of the Merchandise Mart and were able to get some excellent pictures of the fire which were put on the coaxial cable and shown in New York while the fire was in progress. Many of the wives of insurance men were more familiar than their husbands with what had happened, although the fire was only about four blocks removed from Chicago's insurance center.

Blast Killed Firemen

Patrick Milott, who had been a member of the fire insurance Patrol for 25 years, was one of four fire fighters that were killed when a wall collapsed as a result of an explosion about a half hour after the fire broke out. The cause of the explosion will probably never be known. The best guess is that it was due to a back draft situation.

The salvage corps was engaged in putting covers on the stock of miscellaneous electrical and rubber goods of the Goodrich Co., on the first floor on the Carroll avenue side when the blast occurred. Mr. Milott was entering the building with a salvage cover when he was struck. The other three firemen that were killed were either just entering or leaving the building. Those that were inside the building were not injured.

The fire department did an excellent job in protecting the sprinklered building immediately to the west. There was considerable smoke and water damage

to this structure but otherwise it was undamaged. The fire department played a stream continuously on the wall of that building from the inside and it was undamaged although the wired glass windows were cracked.

Would Require Liability Cover

DES MOINES—A bill has been introduced in the Iowa legislature to require all persons or firms making loans on automobiles to arrange for liability insurance for the purchaser. Rep. Pendleton of Storm Lake, who introduced the bill, said lots of customers are not

protected on liability insurance. His bill provides that failure of the lender to provide the insurance would make him jointly liable with the purchaser for any damages that might result from operation of the car.

May Eliminate Surcharge

Washington assigned risk plan is considering elimination of the 15% surcharge on "clean" assigned risks. This category includes under-age, over-age, physically impaired drivers as well as those who have had no traffic or other convictions for a 36-month period pre-

ceding application. It is expected the change will go into effect in the near future.

Named by National Casualty

National Casualty has named the Alexander Grenier and the A. W. Marshall & Co. agencies of Newark, and Bloodgood-Hopcke Co. of Jersey City and Newark as general agents for casualty business in the New Jersey territory. All three agencies have represented National Casualty for some time.



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AS YOU WOULD YOUR DOCTOR OR LAWYER

CHANGES IN CASUALTY FIELD

Orndorff, Blackburn Promoted at Home Office of General Accident

General Accident and Potomac have appointed Charles P. Orndorff as superintendent of the automobile underwriting department, and Harry A. Blackburn as superintendent of the compensation and liability underwriting department.

Mr. Orndorff joined General Accident in 1937 in the automobile underwriting department in the home office. He had previously been with Royal Indemnity. Since 1947 he has been assistant superintendent of the automobile underwriting department.

Mr. Blackburn began his insurance career with the American Surety at Atlanta. After military service he joined the Hurt & Quin general agency at Atlanta as secretary in charge of the underwriting and production of casualty, fidelity and surety. He went with General Accident in 1949 as as-

sistant superintendent of the compensation and liability underwriting department.

Royer and Smith Share California Responsibilities

A. L. Royer, San Francisco manager of Continental Casualty, has been advanced in rank to resident vice-president. He is in full charge of the office reporting directly to the home office.

C. R. Smith, who was recently placed in charge of the Los Angeles office, also is resident vice-president. Both men are responsible in their territories for coordination of the local operations of Continental Assurance.

Heretofore the chief executive at Los Angeles had supervision of the entire state of California.

Mr. Royer studied at University of California and started with Royal Indemnity in 1921. He was San Francisco manager of that company when he joined Continental in 1949.

Mr. Smith graduated from Columbia University, and for the past 10 years has been with National Surety. Among other positions with that company he has held those of manager at New Orleans and at Houston.

New Zurich Men in East

John V. Clark, William H. Craigshead and Donald K. Freyleu have been named field men by Zurich as a part of the company's expanded operations in the eastern department.

Mr. Clark will supervise agency operations in western New York. He entered the business in 1941. Since 1947 he has been with Employers group in that territory.

Mr. Craigshead, who has been a casualty underwriter since 1937, will administer agency operations in Georgia.

Mr. Freyleu, who joined the company's underwriting department in 1946, will supervise production in central New York.

Goebel to New Mich. Post

Fritz Goebel, Jr., has been appointed claims manager at Grand Rapids, Mich., for Manufacturers Casualty.

Mr. Goebel has been western Michigan claims manager for General Accident. He is secretary-treasurer of Grand Rapids Casualty Claims Managers Council.

Hillman Joins Alamo Cas.

Dan S. Hillman, fire rate engineer for 32 years, has been appointed head of the fire insurance and fire rate engineering departments of Alamo Casualty. Mr. Hillman, former chief rater in the Texas department, has been with a San Antonio agency for 26 years.

Dore Joins Appleton & Cox

James F. Dore has joined Illinois Appleton & Cox at Chicago as an underwriter. He has been an underwriter with Newhouse & Hawley in Chicago since 1947. Except for a period of army service, Mr. Dore was an underwriter with Aetna Casualty in Chicago from 1934 until 1947.

Promote McKnight at Indianapolis

William J. McKnight, Jr., has been named production manager at the Indianapolis office of Standard Accident. He has been field representative there and has been with Standard Accident since 1937.

George Armknecht has been appointed field representative for Standard Accident in New Jersey. He attended training school in 1946 and returned to the Florence L. French agency at Elizabeth, N. J. Later he was with Elizabethport Banking Co. and for the past year he has been an underwriter for Standard Accident.

J. I. Bjerke, formerly special agent at Seattle for Hartford Accident, has joined the Hull-Miller Co., agency of Yakima.

Tex. Hearing on 2 Filings

Underground property damage and general liability filings of Employers Casualty and National Bureau of Casualty Underwriters were the subject of a hearing of the Texas department at Austin.

Vice-president G. W. Greathouse, who represented Employers, stated that his company's filing was not presented as the ultimate answer to the questions involved in providing coverage for oil field operators and drillers against catastrophic losses, but thought that through discussions by insurers and oil operators and drillers a satisfactory plan could be worked out. Paul Benbrook, manager for the National Bureau at Austin, said the bureau filing closely resembles that of Employers.

ASSOCIATIONS

Casualty-Surety Men Name Thweatt Michigan President

Assn. of Casualty & Surety Executives of Michigan at a meeting at Detroit elected Melvin M. Thweatt, Hartford Accident, president; Frank E. Runey, Globe Indemnity, vice-president, and Frank W. Locy, Standard Accident, secretary.

Following its own meeting, a joint meeting was held with Michigan Fire Underwriters Assn. Plans are being laid for closer coordination of the two associations in education and public relations in the fire and casualty field.

Dram Shop Talk at Chicago

Speaker at the Jan. 17 meeting of Casualty Adjusters Assn. of Chicago was John A. Appleman, attorney of Urbana, Ill. Mr. Appleman is president of Federation of Insurance Counsel and vice-chairman of the insurance section of Illinois Bar Assn. His subject was "The Illinois Dram Shop Act and Its Application to Automobile and Public Liability Cases."

Columbus Claim Men Elect

The Claim Managers Council of Association of Casualty & Surety Companies at a meeting at Columbus, O., elected these officers: E. F. Ley, Lumbermen's, president; Hugh McGregor, Great American Indemnity, vice-president; George T. Welch, Indemnity of North America, secretary. All reside at Columbus.

Pacific Insurance & Surety Conference will hold its next meeting Feb. 13-15 at Santa Barbara, Cal.

SURETY

Chicago Surety Men Hear Traffic Engineer

Discussing the Cook county automobile expressway plans at the January meeting of Surety Underwriters Assn. of Chicago, James F. Kelly, assistant chief engineer of the Cook county highway department, said that the \$580 million that will be spent for 108 miles of expressways within the next few years will result in an estimated one-third decrease in traffic accidents and a saving to the public thereby of about \$11 million annually.

Mr. Kelly went into detail in explaining how the highway department plans highway construction and how the contracting bids, on which many of those attending had already participated, are arrived at and judged. By the use of slide films, Mr. Kelly showed how the highway department program for five major expressways in metropolitan Chicago was planned.

Robert Goldkamp, Massachusetts Bonding, the program chairman, presided in the absence of the president, J. J. Woodmansee, Century Indemnity.

Big Cincinnati Bond

CINCINNATI—Standard Accident office here has written one of the largest contract bonds ever placed in this area. It was issued on behalf of James McHugh Co., Chicago, general contractor, which was awarded the job for the Little Miami sewage disposal plant. The bond was for \$4,185,000.

Seek S. D. Responsibility Act

PIERRE, S. D.—Ten members of the house are sponsoring a financial responsibility act based on a model law used in other states but with some changes to fit South Dakota conditions.

The Earl G. Curtis agency at Minnatare, Neb., has been sold to E. M. Parker, Jr., of that city.



Will Wrightem TALKS ABOUT PUBLIC RELATIONS

There seems to be an idea prevalent today that PUBLIC RELATIONS is something that you can go out and buy. This impression is quite erroneous. Every move we make, every one of our actions in dealing with the public, everything we say or do, all combine to create the public's opinion of us and our business. When we all do our best continually to make that opinion a favorable one, then that is good PUBLIC RELATIONS.

Will Wrightem
FIELD CORRESPONDENT

THE YORKSHIRE
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S E A B O A R D
FIRE & MARINE INSURANCE
COMPANY OF NEW YORK
THE YORKSHIRE
INDEMNITY CO. OF NEW YORK

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NEW YORK 7, NEW YORK

ACCIDENT AND HEALTH

Conference to Hold 3-Day Medical, Hospital, Group Parley at Chicago Feb. 5-7

Plans for the three-day meeting on medical, hospital and group insurance at the Drake Hotel, Chicago, Feb. 5-7, sponsored by H. & A. Underwriters Conference have been announced. The first day will be concerned with medical and hospital insurance, and the group insurance meeting of the conference will take up the next two days.

At the medical insurance session, Howard LeClair, Mutual Benefit H. & A., chairman of the medical insurance committee, will preside. There will be a discussion of the extent and types of medical coverage now being written, as revealed by a recent survey, and developments in writing individual coverage under state medical society plans.

The Monday afternoon session will discuss hospital insurance, under the direction of I. A. Weaver, Secured Casualty, chairman conference hospital insurance committee. Rising hospital room and board costs, miscellaneous expense costs, trends in hospital coverage and recent developments in hospital insurance sales methods are to be discussed.

Hipp Heads Group Session

George Hipp, Employers Mutual Liability, chairman of the group insurance meeting, which will open with a panel on cash sickness laws, with T. H. Kirkpatrick, Paul Revere Life, as chairman. Loss of time coverage and maternity benefits, war clauses and writing group A. & H. on unions also will be covered.

Tuesday afternoon will be devoted to a discussion of group hospital and surgical, with J. E. Hellgren, Lumbermen's Mutual Casualty as panel chairman. In addition to general trends and claim experience, there will be discussion of hospital admission plans, conversions, and a panel on medical society plans in Tennessee, Georgia, Wisconsin and New Mexico.

The morning of Feb. 6 Carl Ashman, Lincoln National Life, will preside over a panel on medical expense benefits, polio insurance, excess (blanket) accident coverage and a review of catastrophic coverage through group insurance. Special risks, trade and professional association groups, franchise insurance and community enrollment plans will be discussed that afternoon.

A "panel of experts," with Paul Watt, Washington National, as chairman, will recapitulate the highlights of the meeting, and answer points raised at the various sessions.

Takes Central Ill. Post

James C. Bellmer, who had been manager at Centralia, Ill., has been appointed field supervisor for the central Illinois division of Mutual Benefit H. & A. He joined the company in 1944 at Springfield.

Warren Security L. & A. V.-P.

Robert E. Warren has been named vice-president of Security Life & Accident of Denver. He will continue as manager of the special risk division and will assume duties in the reinsurance department. He has been with the company for 20 years.

Form Iowa Association

DES MOINES—A state organization to be known as Iowa Assn. of A. & H. Underwriters, to be affiliated with the International association, was formed at a meeting here of presidents of the local associations in the state.

F. W. Burke, North American Life & Casualty, Des Moines, was named as president of the association. Regional vice-presidents named were: Ivan L.

Mast, Continental Casualty, Waterloo; Frank W. Frambes, Pacific Mutual, Cedar Rapids; and Ben C. Tallman, Illinois Bankers Life, Council Bluffs.

Lewis Succeeds Yaudes

Ronald J. Lewis, Milwaukee attorney, has been appointed head of the claims collection department of Time, Milwaukee, and will take over duties of Sydney S. Yaudes, who has joined Cath-

olic Knights of Wisconsin as director of its new A. & H. and hospital insurance department.

Propose Company-Written Disability Plan in Tenn.

NASHVILLE—A bill is being introduced in the Tennessee legislature this week requiring disability benefits for sickness, injury or occupational disease, including hospitalization and medical care as well as for loss of wages, to be administered by the workmen's compensation division and to be carried by reg-

ular insurance carriers with premiums paid by employers. The bill is sponsored by a large manufacturing company.

Eastern Casualty Expands

Directors of Eastern Casualty of New York, which was licensed last March to write group A. & H. and hospitalization, have approved a capital and surplus increase to \$300,000 by issuing 20,000 shares of new stock. The company had \$100,000 capital and a net surplus of \$50,000 at its inception last March.

William van Merle is president; Sidney

Like F&D, he SPECIALIZES

DACTYLOSCOPIST

To him, fingerprints are signatures;
in their whorls, loops and arches
he reads the identity of the burglar,
the murderer, the thief. Criminals
are pointed out by their own fingers,
thanks to this specialist.

In insurance production, as in police work, the "man on the scene" seldom can be an expert in all the phases of his work. He can, however, have specialized assistance on call.

For over 60 years, F&D has specialized in fidelity and surety bonds. Fifty field offices, located strategically throughout the country, are staffed with bonding experts—men ready to act quickly and authoritatively when summoned.

More than 9,000 F&D representatives are writing profitable amounts of fidelity and surety business—with greater ease—because of F&D's know-how and on-the-spot sales co-operation. Other insurance producers with an eye to increasing their bonding income will find F&D's specialized facilities worth investigating.



FIDELITY AND SURETY BONDS
BURGLARY, AND OTHER NEEDED
FORMS OF INSURANCE

FIDELITY AND DEPOSIT COMPANY
Baltimore Maryland

AFFILIATE: AMERICAN BONDING COMPANY OF BALTIMORE

E. Leiwant, secretary and general manager; A. B. Bielaski, Jr., and Arnold B. Canter, vice-presidents, and Reginald Bilbro, treasurer.

Elect Dunlap at Dallas

C. L. Dunlap, president of United American of Dallas, was elected president of the A. & H. Claims & Underwriters Assn. of Dallas. Charles D. Scott, first vice-president of Great

American Reserve, is the retiring president. Other new officers are: Vice-presidents, G. T. Delahunty, Republic National Life, and R. B. Donovan, National Bankers Life; secretary, Miss Doris Bates, Reserve Life.

Pave Way for Merger

The application of Guarantee Reserve Life of Hammond, Ind., for a license is pending in Missouri and steps have

been taken in the direction of a merger of National Protective of Kansas City and Guarantee Reserve Life. Just recently Ben Jaffe, president, and Jerome F. Kutak, vice-president of Guarantee Reserve Life, bought the entire stock of National Protective.

Victory Mutual Announces Entry into A. & H. Field

Victory Mutual Life has established an A. & H. department and as part of its expansion in that field is training in A. & H. the 250 agents connected with its 15 branch offices and four general agencies.

James M. Norman is head of the new A. & H. department at the Chicago home office.

The company operates in Wisconsin, Indiana, Ohio, Illinois, Michigan, New York and the District of Columbia. Its A. & H. policy forms have recently been approved by the insurance departments in those jurisdictions.

The company began issuing policies on both sexes at the beginning of the year. Policies provide a complete line of A. & H., hospitalization, medical reimbursement, and surgical benefits.

Bureau Year Book Printed

The 1950-1951 year book of Bureau of A. & H. Underwriters has been published. It contains the list of committee chairmen recently appointed, plus a list of member companies and their representatives in the bureau, and the constitution and the history of the organization.

Breidenbaugh at Baltimore

O. J. Breidenbaugh, assistant manager of Mutual Benefit H. & A. at Philadelphia and former executive-secretary of International Assn. of A. & H. Underwriters, was the speaker at the January meeting of Baltimore Assn. of A. H. Underwriters, on "This Is 1951."

H. P. Howard, special agent of Kentucky Central Life & Accident, has been promoted to field superintendent at Fort Wayne, Ind. He started with the company in 1949.

COMPENSATION

New Book on W. C. in N. M.

"Workmen's Compensation in New Mexico," a 180-page manual, has been published by the University of New Mexico. The author is Robert W. Thomas.

Mr. Thomas states that medical benefits, their amount, method of payment, and treatment involved form a problem needing study under the compensation act. Another is a detailed analysis of the effect of increased rates of payment and of compulsory insurance on business activity. He concludes that New Mexico needs better supervision under the workmen's compensation act, and adds that there is little question on the meagerness of benefits. Benefits need to be increased, Mr. Thomas declares, adding that all the arguments for lump sum payments would be removed if this were done.

Continue Minn. Rate Suit

ST. PAUL—In the suit in which Minnesota employers are seeking to prevent an 8.2% increase in workmen's compensation rates the court has given Minnesota Compensation Insurance Board more time to show cause why the increase should not be set aside. The 1950 rates remain in effect, even though the new rates were to have been effective.

Lausche Opposes Benefit Boost

Gov. Lausche of Ohio has expressed opposition to any increase in present workmen's compensation benefits, but has recommended that workers be given the right of appeal in occupational disease claims.

Card Is Devised to Stir Farmer's Insurance Interest

The Fire, Casualty & Surety Bulletins of THE NATIONAL UNDERWRITER has developed a card to use in stirring interest in the farmers comprehensive personal liability policy. Captioned "Could You Afford This?" the card calls attention to an actual accident caused by a cow and suggests the importance of the comprehensive policy with animal collision cover, plus the other specific forms needed by the farm risk. This attractive advertising piece, 3 1/4 by 6 1/4 inches, is printed on a heavy orange-tinted stock. Space is provided for imprinting. Samples and prices may be obtained from the FC&S Bulletins, 420 East Fourth street, Cincinnati.

Hanna to Florida Agency

Edward R. Hanna, who recently retired as vice-president of Employers Fire, has joined the Brundick & Bowles agency at Jacksonville, Fla.

Mr. Hanna started his career in 1915 with Great American. Before joining Employers in 1926, he was with the Royal Exchange.

Name Pittsburgh Chairmen

J. E. Hartmann of National Union Indemnity has been named chairman of the committee on arrangements for Pittsburgh Insurance Day, Feb. 27. Dinner committee chairman is David H. Blayney of Clarence V. Watkins & Co. Edward A. Logue of State of Pa. is chairman of the entertainment committee; Wallace M. Reid of the agency bearing his name heads the finance committee, and guest committee chairman is Charles A. Reid of the same agency; John J. O'Donnell of Lon C. Jeffrey & Co., is chairman of hotel arrangements; W. J. Zwinggi of Logue Bros. & Co., president of Pennsylvania Assn. of Insurance Agents, heads the luncheon committee. Charles H. Bokman of New Amsterdam Casualty is chairman of the program committee, and Arthur C. Bachman, Home, publicity. John M. Toner of Pacific Fire is chairman of registration and W. J. Schofield Jr., chairman of the ticket committee.

Four additional partner-owners have been admitted to the general agency firm of **Floyd West & Co.** at Dallas. The three partners who have operated it since 1925 are Floyd West, Frank Duff and J. Arthur Travis. New members are G. A. Tobin, claims manager; Bobby Russell, production manager; Willard McClain, Lloyds manager, and F. F. Wasko, casualty manager.

**casualty, fire
automobile and surety
reinsurance**

**catastrophe
excess of loss
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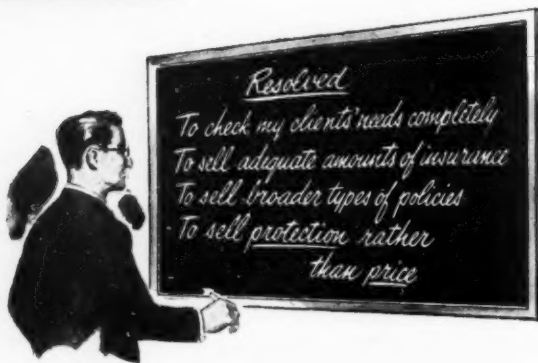
EXCESS UNDERWRITERS Inc.

90 John St., New York

Chicago office Insurance Exchange Bldg.

San Francisco office 233 Sansome St.

SALES IDEA OF THE MONTH



Good Resolutions

This is the month to resolve to make your agency program "competition-proof"—to take stock of your services and plans for 1951 in the light of your clients' needs. Good questions to ask yourself are:

Has the client's risk changed, so that he needs additional coverage?

Are his present limits and amounts of insurance in keeping with rising costs of claims and property?

Are there new coverages or broader forms that would apply?

Another good resolution is to ask your Zurich-American field man how the four-phase Safety Zone Program can help you expand your community contacts and win new friends and new business for your agency. Ask him, too, how the Zurich-American Insurance Guide can help you uncover new opportunities to increase your volume.



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Thomas C. Anderson, Vice-Pres.
Robert W. Worth, Treas.

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Iowa High Court Sweeps Aside Hospital Immunity

The Iowa supreme court in Haynes vs. Presbyterian Hospital Assn. has taken what appears to be a rather sweeping step in the direction of putting charitable institutions in that state on the same footing as commercial enterprises insofar as liability to patients and the public is concerned. Presbyterian Hospital Assn. owns and operates Presbyterian hospital at Waterloo, Ia., and is a not for pecuniary profit organization.

The plaintiff, while a paying patient in the hospital, was injured through the alleged negligence of nurses. The trial court dismissed the petition and on appeal the plaintiff asserts that this decision is not in accord with the modern trend and is wrong in principle. The Iowa supreme court said that no doubt that at the outset the need for charity in the way of treatment of the suffering was urgent and the general good of society demanded encouragement thereof. At that time hospitals were relatively few in number and were created and conducted solely by funds donated by public spirited people. Their doors were open to all alike. There was little, if any, paternal care granted by the state. The granting of immunity from liability for the negligence of their employees may have been proper as a basis for encouraging such charity.

Hospital Enormous Business

Today the situation is vastly different. The hospital of today has grown into an enormous business. They own and hold large assets much of it tax free by statute and employ many persons. The state has become paternal to an astonishing degree as evidenced by numerous statutes found in the Iowa code. Also the court said it takes judicial notice of the extensive use of many types of hospital insurance as well as liability insurance by the institutions. Thus, it is evident that times have changed and are now changing in the business, social, economic and legal worlds. The basis for and the need of such encouragement is no longer existent.

The law's emphasis generally is on liability rather than immunity for wrong doing. Charity is generally no defense. It is for the legislature, not the courts to create and grant immunity. The fact that the courts may have at an early date in response to what appeared good as a matter of policy created an immunity does not appear to us a sound reason for continuing the same when all legal theories upon which it was built no longer exist.

It is our considered judgment that incorporated charity should respond as do private individuals, business corporations and others when it does good in the wrong way. Judgment of the trial court is reversed and the cause remanded.

Plan N.A.I.W. '51 Meeting

Insurance Women of Houston, who will be hosts to the 1951 annual meeting of National Assn. of Insurance Women, have named Mrs. Gertrude Cobb as convention chairman and Mrs. Frances Runk chairman of the publicity committee.

Binder Problems Tackled

WASHINGTON—The maritime administration is struggling with problems involved in preparation of a binder or binders for use in connection with the administration taking over war risk insurance of shipping and cargoes in event of war between major powers.

This binder will be a written agreement that the government will reinsure marine underwriters in that event. There is understood to be no problem as regards the underwriters because the government would assume all the risk.

However, it is deemed necessary that the agreement or binder shall satisfy shipowners and cargo interests. These are the angles being worked on now, and so many questions are at issue that officials do not forecast when the binder will be gotten out in final form.

Daenzer Speaks at D. C.

Bernard J. Daenzer, assistant secretary of Security of New Haven, addressing the January meeting of District of Columbia Assn. of Insurance Agents, outlined a code of ethics for a good insurance agent.

Perth Amboy Loss \$200,000

An insured loss of \$200,000 was suffered by several stores in the heart of Perth Amboy, N. J. Fire damage to individual stores ranged from \$10,000 to \$50,000. Loft candy store, Miles shoe store and Hamilton's department store, which sustained the brunt of the damage, carried use and occupancy in sizable amounts. It is believed that the disastrous munitions explosion in the same city last May prompted shopkeepers to purchase U. & O.

Inspection of the department store's premises revealed that much of the clothing, specialties and other items was unharmed.

New Law Clarifies Mixup On Cal. Minimum Benefits Administrative Procedure

The California legislature has passed and sent to Gov. Warren a bill supported by companies writing A. & H. in California and Commissioner Maloney as an emergency measure to clarify approval by the commissioner of policies under the minimum benefits law promulgated by Commissioner Downey.

In the statement supporting the emergency feature of the bill, it is pointed out that the minimum benefits law provides for an adjustment period by the use of two delayed effective dates, one intended to apply to policies thereafter submitted and the other to continue the right to issue previously approved policies until withdrawal of approval could be accomplished. Doubt has been expressed as to the adequacy of the language used for the purpose of delaying application of the withdrawal provision to previously approved policies. Since Jan. 1 it has been unlawful to continue to issue such previously approved policies, and many policies now being issued must be revised by the companies and reviewed and approved by the commissioner immediately. As a practical matter this

cannot be done, and in order to avoid undue administrative burdens, the clarifying and interpretive act was passed, allowing policies issued before the first effective date, July 1, 1950, and not yet disapproved, to fall under the law effective Jan. 1, 1949.

Pioneers Elect Backus

Fireman's Fund "Pioneers", composed of officers and employees with 25 years' service, held their annual party at Pasadena, Cal. Manager Leonard T. Backus of the Los Angeles office was elected president.

Chicago Accountants' Agenda

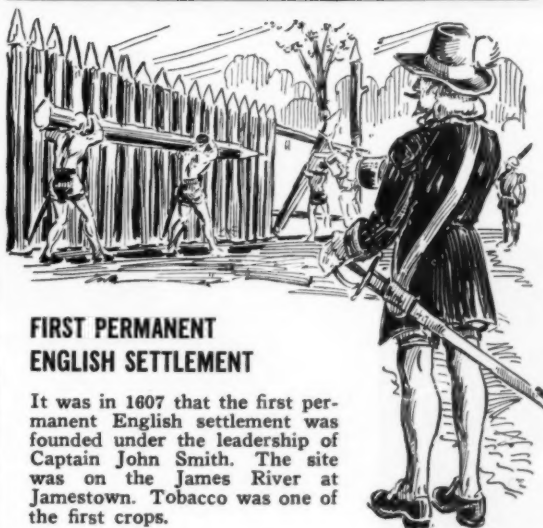
A certified public accountant will address a dinner of Chicago Insurance Accountants Assn. on Jan. 25. On Feb. 15 a deputy from the internal revenue bureau will talk on individual and small business income tax returns.

Anchor Names Edmondson

George E. Edmondson & Co., prominent general agency of Tampa, has been appointed managing general agent in Florida for Anchor Casualty.

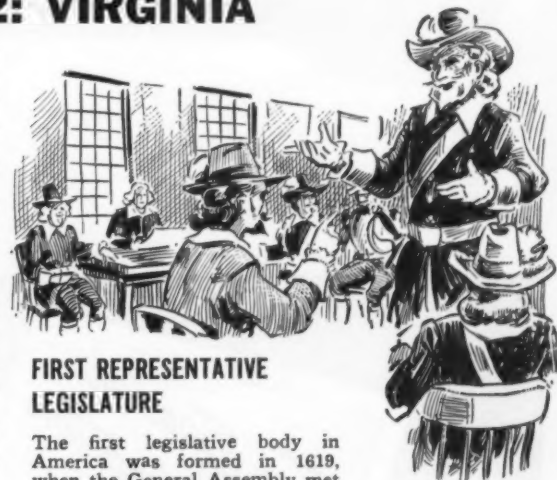
The Lauterbach & Ellber agency of Columbus, O., has moved into its own building at 973 East Broad street. The agency was established 75 years ago.

HIGH SPOTS IN HISTORY 2: VIRGINIA



FIRST PERMANENT ENGLISH SETTLEMENT

It was in 1607 that the first permanent English settlement was founded under the leadership of Captain John Smith. The site was on the James River at Jamestown. Tobacco was one of the first crops.



FIRST REPRESENTATIVE LEGISLATURE

The first legislative body in America was formed in 1619, when the General Assembly met in Jamestown. During the early days it defended the people's rights against the king.



STATESMANSHIP OF THE "OLD DOMINION"

Virginia naturally was famous for its many leaders, as they fought to build a new nation. Patrick Henry, Thomas Jefferson, George Washington and James Madison were among these leaders who left their marks in our history.

Also a High Spot

. . . . among insurance agents is the service of these great companies. They know they get speedy, efficient service claims are paid promptly and they get constant home office co-operation. That's why the trend is to Hawkeye - Security and Industrial.

HAWKEYE - SECURITY INSURANCE CO. INDUSTRIAL INSURANCE CO.

Des Moines, Iowa



aircraft insurance

hulls
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BITUMINOUS CASUALTY CORPORATION

ROCK ISLAND ILLINOIS

SPECIALIZING IN WORKMEN'S COMPENSATION AND ALL LINES OF LIABILITY COVERAGE

Associated Has Northwest Loss

Associated Aviation Underwriters is the insurer of the Northwest Airlines plane which crashed and burned near Edwall, Wash., only 10 minutes after taking off from the airport at Spokane. The plane was a Martin 202, a post war commercial passenger craft, and is worth about \$300,000. Seven passengers and three crew members were lost.

Associated is also understood to be the insurer for workmen's compensation, passenger liability, baggage liability, and undoubtedly has some liability on trip accident policies. There is no limit on wrongful death in Washington.

The insurance was placed through Marsh & MacLennan at Minneapolis.

This is the third bad accident suffered by Northwest in the past few months. The airline lost a DC-4 in Lake Michigan last July, and had a crash at Butte more recently. It was the fifth Martin plane operated by Northwest to crash. Four of them were in regular operation as passenger carriers, and the fifth was on a check-up flight with only company personnel aboard.

Fete Ashby Hill on Eve of Retirement from Home

Ashby E. Hill, vice-president and secretary of Home, has been granted an extended leave of absence at his own request, prior to his retirement. Mr. Hill was guest of honor at a farewell party tendered him by friends and business associates last Friday evening.

Considered one of the leading underwriters in insurance, Mr. Hill entered the field in 1905 in the southern department of Phenix of Brooklyn. In 1920 he joined North America as assistant manager of the southern department and later served briefly with Travelers Fire. Mr. Hill became associated with Home in 1930 when he was placed in charge of the southern division as assistant secretary. In 1935 he was made secretary and in 1938 was elected vice-president and secretary. Mr. Hill was made vice-president and secretary of Home Indemnity in 1942 and was elected president of Southeastern Underwriters Assn. in 1946.



Ashby E. Hill

Bank Fetes Wis. Ganders

Marshall & Ilsley Bank, Milwaukee, which is a prominent factor in the premium finance field, is giving a buffet luncheon with beer and cards for all Wisconsin Blue Goose members at Hotel Schroeder, Jan. 20.

The Madison puddle of the Wisconsin Blue Goose is holding a "fun party" Thursday at the Monona hotel with Commissioner Lange as guest of honor.

Illinois Brokers Elect

At the annual meeting of Insurance Brokers Assn. of Illinois, President A. W. Ormiston and all the other officers were reelected. New directors chosen were Ralph Modica, T. D. Parker, George A. Seaverns, Jr., Les Sullivan and C. E. Thorsen.

Conick Heads Building Corp.

H. C. Conick, United States manager of Royal-Liverpool, has been elected president of National Board Building Corp. to succeed B. M. Culver, chairman of America Fore, who has resigned. F. A. Christensen, president of America Fore, has been elected a director of the corporation, to fill Mr. Culver's un-

expired term.

C. S. Kremer, president of Hartford Fire; is vice-president; Lewis A. Vincent, general manager of National Board, vice-president and general manager, and Julia D. Russell, National Board, secretary-treasurer.

Mallalieu Advanced at Great American Home Office

Great American has named F. W. Mallalieu, Jr., agency superintendent in charge of Pennsylvania, Maryland, southern New Jersey, West Virginia, Delaware and District of Columbia. He was with New Jersey Schedule Rating Office 10 years then joined Great American in 1939 at the home office and as special agent in the middle department and Texas before he took over the brokerage department at the home office three years ago.

Miller Neb. State Agent

Royal-Liverpool has named Gay Miller state agent in Nebraska to succeed J. A. Baxter, who has been transferred. Mr. Miller occupied the same post for six years till last year when he went with Omaha Insurance Agency as vice-president.

INSURANCE
to FIT the
NEED



FARM LIABILITY

✓ Farmers — and farm owning city folk — are becoming increasingly concerned by the growth in claims arising out of farm operations and the owner's personal activities.

✓ "Shelby" agents, who have been writing a Comprehensive Farm Liability policy for several years, are providing the wanted protection and, for the average farm, at easily figured flat rates.

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AMERICA'S OLDEST MULTIPLE LINE CASUALTY MUTUAL

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Truman Renews Proposals Health Cover, Medical Care

WASHINGTON—A renewal of proposals for federal compulsory health insurance, was included in President Truman's economic report and budget message submitted to Congress.

The President transmitted to Congress the annual report of his council of economic advisers, which suggests that in combatting inflation some wage increases might be provided for as increased social security deductions. The effect of thus postponing the workers' receipt of such wage increases, the report indicates, would be anti-inflationary.

On the health insurance front, Mr. Truman recommended a payroll tax of $\frac{1}{4}$ of 1% on employers and employees to provide for "initial expenses" of setting up the program, which would be handled through a trust account, similar to that of OASI, according to the proposal.

The budget contains an estimate of \$275 million for a medical care insurance trust fund in fiscal 1952, under proposed health insurance legislation, from which \$35 million would be deducted as "payment for initial expenses," leaving \$240 million net accumulation during that year.

"Our aim," said the message, "should be to establish for all employed people a minimum protection that each person takes with him wherever he works. Pension and insurance plans for special groups should supplement social security benefits, as industry pensions already do for several million workers."

"Moreover, we need to fill important gaps in our social insurance system by providing protection on a prepaid basis against the costs of medical care and loss of family income in cases of disability."

Ask "Surety" for Minor

A bill making it mandatory that any applicant under 21 seeking a driver's license must have someone sign the application as "surety" for the youth has just been introduced in the Nebraska legislature.

This surety can be a parent, an employer, a guardian, or any person willing to accept liability for any accident the youth might have while driving a motor vehicle. The liability would apply to any vehicle—family car, borrowed car, truck, or any other the youth might be driving.

Abandons Wash. UCD Hopes

Washington State Federation of Labor, in view of the vote against Referendum 28 will not back an unemployment compensation disability law during the current legislature.

However, the organization has developed an ambitious program to expand the monopolistic workmen's compensation law. Among the principal objectives are inclusion of all retail clerks in the state and sharp increases in both injury awards as well as time-loss payments to help claimants meet inflated costs.

On "Negative" Report Basis

A change in the administrative procedure of the financial responsibility division of the Washington department of license puts accident reports on a "negative" basis. Heretofore, the department sent a request for verification of coverage to each insurer named by the person making the accident report. The file would not be closed until affirmative verification had been received. Now if within a specified time the department does not hear from the insurer it assumes coverage is in effect.

Robb B. Kelley, Philadelphia manager for Employers Mutual Casualty, was the final government witness in the perjury trial of William W. Remington, former Commerce department official, who is charged with falsely denying he was a member of the communist party. In federal court at New York, Mr.

Kelley testified that Mr. Remington told him years ago that he was a communist because his father had always been a stooge for capitalists and that he wanted to do something to improve the situation. Mr. Remington's father, Frederick Remington of Ridgewood, N. J., is a retired superintendent of agencies of Metropolitan Life.

Phoenix, Conn., Names Seven in Canadian Changes

Phoenix-Connecticut group has transferred Robert Rankin, assistant Canadian manager, from Montreal to Winnipeg as western Canada branch manager. Thomas Hanson and Paul Quesnot become assistant managers at Montreal. William Holdon has been transferred from Edmonton to Montreal to be superintendent of the inland marine department; W. Perego from Montreal to Winnipeg as inland marine special agent, and James Buchanan to Edmonton as resident superintendent. L. A. Lamirande, comptroller for Canadian business, becomes secretary of Reliance of Canada.

George R. Steele, a solicitor for the Langley-Smith agency at Hillsboro, O., has become a partner.

Catastrophic Accidents in 1950 Took Nearly 1,500 Lives

Catastrophic accidents—those killing five or more persons—claimed nearly 1,500 lives in the United States in 1950, about 250 greater than in 1949, statisticians of Metropolitan Life report.

The Thanksgiving weekend wind and snowstorm and the Thanksgiving eve wreck of the Long Island Railroad at Richmond Hill, N. Y., were the most costly in loss of life. The storm claimed about 100 lives, and the wreck killed 79.

Third as to death toll was the air transport accident in Lake Michigan last June, which took 58 lives—highest in civil aviation history in the United States. The total of deaths in civil aviation catastrophes, however, was somewhat lower than in 1949.

To Confer with Leggett

George Oppenheimer of Kansas City, president of Missouri Assn. of Insurance Agents, will head a special committee of that association that plans to confer once a month with Superintendent Leggett to give him the agents' views on various matters.

John J. Henshke, president Insurance Board of St. Louis, and Hoyt S. Nelson, president Insurance Agents Assn. of

Kansas City, will be on the committee, along with two other men from out-state agencies to be appointed by President Oppenheimer. B. G. Gregory, executive secretary of the state association and manager of Insurance Board of St. Louis, will serve as secretary of the committee.

One matter that the committee will talk over with Superintendent Leggett is a proposed agents' qualification law.

Fey Is Cincinnati CPCU Instructor

CINCINNATI—Richard E. Fey will be instructor for the second semester of the review course for parts 1 and 2 of the C.P.C.U. examinations at University of Cincinnati, starting Jan. 29. A graduate of Miami University, Mr. Fey has passed four of the five examinations required for the C.P.C.U. designation. He was a major in the air force during the war and now operates the Haas agency at Cincinnati. He succeeds William Caskey of the A. W. Shell agency, who conducted the course during the first semester and also last year.

Sen. E. K. Bekman, Republican of Ottumwa, has been named chairman of the senate insurance committee in the Iowa legislature.



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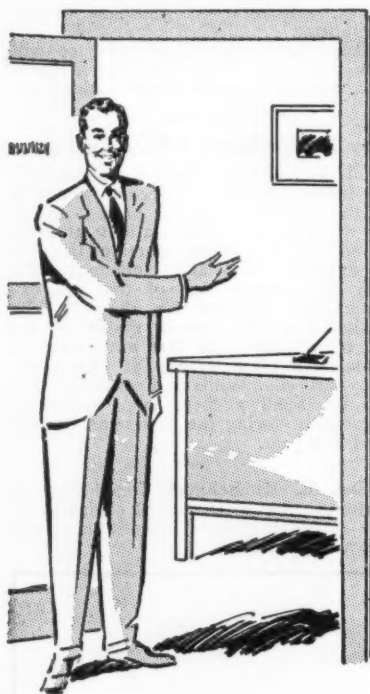
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Analysis of Excess Profits Tax Law

(CONTINUED FROM PAGE 10)

capital additions or reductions during the year are added or subtracted.

A credit is then computed at bracket rates of 12%, 10% (over \$5 million); and 8% (over \$10 million). This credit is reduced for the ratio of inadmissible assets (all stocks and exempt bonds) to total assets. A special new capital credit always assures that a credit of 12% (rather than 10% or 8%) results from the increase in invested capital over that at Jan. 1, 1940. This will in most cases be inapplicable for 1950 and is unavailable for foreign corporations. The increase for 1951 and future years may result from changes in the capital, retention of earnings, increases in borrowings, increases in unearned premiums or other reserves required by law.

Historical Capital

The historical capital method again consists of equity capital plus borrowed capital. Equity capital is established not by reference to the current balance sheet position but by resorting to the history of the corporation's capital structure. Each step in the capital history is frozen as of the point of time at which it occurred. In other words, the historical equity capital generally consists of the money or property paid in for stock (at unadjusted basis for determining loss) as of the time of each capital contribution or addition. To this figure there is added the earnings and profits as of the beginning of the taxable year and there is subtracted any reduction in capital resulting from distributions not out of earnings, etc.

Under the historical method no reserves are included in equity invested capital. Borrowed capital is in general the same as under the asset method. Again, an insurer will include 50% of the mean of its unearned premium reserves as borrowed capital. By virtue of a possible technical interpretation of section 458(h) under the historical capital section, there would seem to be some possibility of including 75% of the other reserves required by law as borrowed capital rather than 50% as under the asset method. On the other hand, if such possible interpretation is not sustained there is a greater probability of losing all the benefits from other reserves required by law which are otherwise obtainable under the asset method.

Lose Favored Treatment

Under the historical method the favored treatment of new or additional capital since Jan. 1, 1950, at 12% is lost and such new capital will be included at the applicable bracket rate, i.e., 12%, 10% or 8%. Aside from the remote possibility of favored treatment of reserves other than unearned premiums, the historical method will generally produce the same invested capital as the asset method except where there are accumulated deficits arising before 1940 or 1946, or a deficit which was charged off at some prior time, or some peculiar transaction which makes the basis for determining gain differ from the basis for determining loss, particularly with respect to tangible property. The historical method primarily permits a corporation to restore a deficit arising prior to 1940 or 1946 whereas such deficit would reduce equity capital under the asset method.

The historical method must be elected in the return, otherwise the asset method must be used. Foreign corporations may not use the historical method. Great care therefore should be exercised in the first return in making this election.

Considerations in Election

The following considerations in making the election for the historical method may be summarized:

Advantages. 1. Restore a deficit to invested capital. 2. Possibility of procuring an additional 25% of reserves required by law under a technical con-

struction of Sec. 458(h) and of procuring allowance of reserves by marine companies.

Disadvantages. 1. Loss of other reserves required by law if favorable technical construction of Sec. 458(h) does not prevail. 2. Loss of new capital at 12% and inclusion at bracket rate of 10% or 8%. 3. More difficult to prove old capital transactions than current balance sheet position.

In view of the above it seems obvious that practically all insurance companies will elect the asset method, unless a deficit exists. All things considered, the likelihood of losing 50% of other reserves is hardly worth the gamble of procuring an additional 25% over the asset method. Once the election is made it is irrevocable for the taxable year and could not be changed if the favorable construction of Sec. 458(h) is not sustained.

Reduction for Inadmissibles

After arriving at invested capital whether under the historical or asset method a taxpayer is allowed a credit of 12% of the first \$5 million, 10% of the next \$5 million and 8% on amounts over \$10 million. After the credit is thus calculated, it must be reduced by the ratio of the sum of all stocks, U. S. obligations on which the interest is totally excludible from gross income or allowable as a credit against net income, and state and municipal exempt bonds, to the total of all assets. This has the effect of reducing pro rata the actual credit to the extent that the assets are invested in securities which are not producing excess profits net income. The reduction is applied to the calculated credit rather than to the invested capital as under previous law. In some cases this results in the application of a lower bracket rate and decreases the credit.

Base Period Income Credit

Under the income credit method the first step is to compute the excess profits net income for the four years 1946 through 1949, inclusive. Certain adjustments are made, the more important of which is the elimination of all dividends (domestic and foreign), the elimination of the net operating loss deduction, the restoration of abnormal deductions, and the elimination of capital gains or losses. Generally the credit is 85% of the average of the three highest years. There are certain growth provisions which are much more limited than under previous law and much more difficult of qualification. These should be examined thoroughly. If applicable, the growth formula will result in the use of the higher of the income for 1949 or the average income of 1948 and 1949.

The credit based on income is in fact a combination of the income method and designated capital additions either in the last two years of the base period or in the current years. These latter features are new. In general, a domestic corporation may add to its income credit 6% of the amount by which its invested capital increased in the year 1948 and 12% of the amount by which its invested capital increased in the year 1949. Such increases may result from capital changes, changes in borrowings or from retained earnings. This is known as the base period capital addition.

Offsetting Reductions

There are certain offsetting reductions to compensate for increased interest deductions resulting from increased borrowings. There is also allowed 12% of the net capital addition subsequent to Jan. 1, 1950, predicated again either on capital changes, changes in borrowings or retained earnings. No credit can be obtained for 1950 with respect to an increase in the ending unearned premium reserves over the initial reserves since under the law the amount of borrowed capital for each day in the

year is arbitrarily fixed at the average of the beginning and ending figures. There is subtracted from the current capital additional credit, 12% of the amount by which the capital of the taxpayer has been reduced since the beginning of its first excess profits taxable year. The result of this process is its average base period net income credit. The additional credits for increases in invested capital are not available to a foreign corporation, whose credit under the income method is therefore a pure average income credit.

There are certain relief provisions. The major one of interest relates to depressed industry subgroups. For companies which have entered into multiple line writings within three years prior to the end of the base period there may possibly be some relief with respect to new products or services under Section 443.

While there are many provisions generally applicable to corporations which are designed to provide a more fair or equitable treatment, it would appear as to insurance companies that the impact of the excess profits tax will be considerably more widespread than under the second war law. Under that law there was permitted the choice between invested capital and base period net income. For a number of corporations a very satisfactory result was obtained through application of the so-called growth formula of Section 713(f). The base period years under the current law are, of course, unsatisfactory except for 1949 and possibly 1948.

The general average method in the vast majority of cases, therefore, provides an extremely low and unfair credit. The growth formula has been completely emasculated insofar as the industry as a whole is concerned. It will probably not be available to very many companies since its application is limited to companies whose assets were under \$20 million Jan. 1, 1946 on a combined basis and whose total paid compensation increased by 30% or whose total gross income increased by 50% in 1948 and 1949 as compared with 1946 and 1947. Every company should examine its background on this thoroughly since the benefits are great.

Rigid Barriers Imposed

In the previous law so-called special relief provisions were included which gave considerable latitude in determining taxpayers qualification for relief and in redetermining a fair standard of earnings for it. In the current law this general section has been divided into a number of sections. Specific requirements for qualification and specific methods of redetermining base period net income have been enacted. As a result rather rigid barriers have been imposed which will penalize the company from a competitive standpoint which approaches the barrier closely but cannot quite get over. The most promising special relief provision in the current law for insurance companies is the depressed industry subgroup. Its application will depend upon establishment of the desired classifications as subgroups.

It is possible that insurance companies other than life or mutual will be a subgroup and will qualify as a depressed subgroup. The extent of the relief depends upon the published rates of return for the subgroup. It cannot be ascertained until the commissioner publishes the tentative figures with respect to subgroups whether the section will be of any material benefit to any particular company. Such tentative figures must be published by March 1, 1951. The relief provision with respect to a change in services or products during the base period may possibly be available to some companies which for the first time entered the fire or casualty business as the case may be under the shift involved in multiple writings. This provision, if available, would probably provide greater relief since the rate of return is applied to the gross assets at the time of first qualification for the relief rather than the average of such assets for the base period.

It is probable, therefore, that most companies will have to resort to the invested capital method determined on the asset basis. In this connection there is very considerable benefit in the treatment of unearned premiums and reserves required by law. However, most of the companies have made increasing investments in stocks and therefore the reduction for inadmissibles will deprive the companies of some portion of the benefit otherwise resulting from including these reserves. It can readily be seen that an excess profits tax liability on the part of an insurance company is more likely to result under the current law than under the second war law, though the treatment of reserves may lessen the impact materially. It is therefore of the utmost importance to examine all of the relief provisions and the various benefits to the fullest extent and to put the best foot forward in the first return.

Surety People Hold Defense Parleys

(CONTINUED FROM PAGE 15)

payments to insurance advisers as part of contract costs reimbursable by government.

It is now planned for the Defense Department to regulate the amount that can be paid to insurance advisers. The agents' and brokers' groups have suggested several times conferring with Mr. Kane, but the latter thought it better to wait until the joint rating plan would be ready for action. Mr. Kane has now suggested several dates possible for him to meet with agents' and brokers' committees, from among which they were presumed to make a selection.

Meanwhile, Mr. Kane said he hopes to receive a proposal from the committee representing group life, health, accident, disability and hospitalization interests, to meet with him and department insurance officials for consideration of problems involved in defense contractors' group coverage costs for employees and their allowance by government as part of government payments to contractors.

Jan. 19 was scheduled for a conference between Mr. Kane and producers' committees in the fire and casualty fields. Besides National Assn. of Insurance Agents' comprehensive war rating plans committee, delegations representing mutual agents, and brokers were expected to confer with Mr. Kane about the rating plan problem, insurance advisers' compensation, and other matters.

Hartford Fire Firm Against Deductibles

(CONTINUED FROM PAGE 1)

tions, the general application of which would not well serve our customers. A company that tries to meet all forms of specialized competition may find that its defensive cure is much worse than the competitive disease.

"Even though we assume that some way is finally found soundly to rate the so-called 'large' fire deductibles and also to confine the scope of their application, as a practical matter we believe they will prove to be nothing but rate-cutting devices. The adjustment of losses is not an exact science. It is a give-and-take proposition, so it is highly improbable that the amount of these 'large' deductibles could ever be exacted in a claim of any consequence. This being so, a serious competitive situation could develop, for it then becomes a question of simply increasing the deductible a few dollars in order further to reduce a rate. We do not believe that such a development would be in the interest of the policyholder, agent or company.

"Briefly put—the Hartford is opposed to the use of deductibles in connection with any class of business on which the loss frequency is such that full coverage

can be provided at a reasonable cost. To do otherwise would prevent policyholders from purchasing insurance to collect their full loss and, to a considerable degree, would eventually take the company and its agents out of the insurance business via the deductible route."

Fort Wayne Agents Elect

Fort Wayne (Ind.) Assn. of Insurance Agents has elected George F. Hacker, president; Lester Marker, vice-president; W. J. Thomas, treasurer;

and Clell G. Boerger, executive secretary. Gerald W. Morsches, retiring president, was named chairman of the board. Mr. Hacker announced that the association plans to continue sponsorship of the school safety patrol program, as it has during the past two years, as well as the student driver-training program in all of the city high schools.

At the January meeting of Insurance Women's Club of Detroit, Miss Nelle S. Maddaugh, director of the Studio of the Spoken Word, talked on "Poise and Personality."

"H'm'm'm... This looks good for EASY COMMISSIONS THE WHOLE YEAR 'ROUND!"

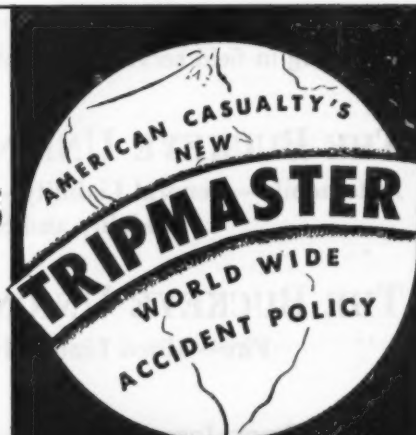


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Socialistic Schemes Shunned in N. D.

(CONTINUED FROM PAGE 15)

that are not excessive, unfairly discriminatory or inadequate. The law should be given a fair trial and then if it does not produce satisfactory rates the state might be compelled to make some other approach to the problem.

The committee said in preparing its report it made studies of the method of operation of Nodak Mutual, National Farmers Union Automobile & Casualty of Salt Lake City, State Farm Mutual Automobile and National Bureau of Casualty Underwriters. Also a trip was made to Saskatchewan.

Under the heading of the Massachusetts plan, the committee emphasized that no other state or province has enacted a similar law. However 25 states, Hawaii and several Canadian provinces have enacted security type financial responsibility laws. A great majority of the states after exhaustive study and extended observation of the Massachusetts plan, have concluded that compulsory insurance is not the best answer to the problems involved. Reference is made to the fact that under the Massachusetts plan there is incomplete coverage, political pressure emerges in connection with rate making, there is an increase in claim consciousness, malingering and fraudulent claims, there were formed a number of mutual companies that promptly went broke and special reference was made to the malodorous Canton Mutual Liability and Broadstreet Mutual that were organized to fail.

Part of CCF Program

On state-owned insurance, the committee emphasized that in Saskatchewan the Canadian Commonwealth Federation which is in the saddle is an aggressive socialistic party that is committed to government ownership and control of transportation, power, communication and finance, including insurance. On the trip to Saskatchewan the committee had the services of Arthur L. Bailey, casualty actuary of the New York insurance department. He went along mainly to calculate what it would cost the people of North Dakota to have a state monopoly write the same insurance that is afforded by the government of Saskatchewan.

The committee remarked that although increasing dollar volume of voluntary insurance is being written by the Saskatchewan government, private insurers are maintaining and even increasing their volume. Wawanesa Mutual, for instance, is pursuing a selective sales program there and in rural sections it is providing insurance cheaper than the government plan.

The committee referred especially to the fact that compulsory insurance is excess cover and hence the government escapes many claims and private insurance is to that extent subsidizing the government program. It was pointed out that the insured gets no policy under the compulsory part of the insurance and doesn't know what his rights are. The committee made searching inquiries as to the amount of political influence that is exerted in connection with claims settlements and the tenor of the report seems to indicate the committee believes that this is a common situation.

Cost Comparison Difficult

When it comes to making comparison of cost the committee remarked there are differences in coverage that complicated the problem. For instance medical payments are not available except as a separate contract; comprehensive coverage is not available; the policy is void if the driver is intoxicated or if the car is used in a race or speed test, there is no liability for certain designated members of the household, no liability if the car is not properly registered. The policy is void while towing a trailer unless specific permission is granted; no automatic cover for new vehicle; the insured must notify the government of

any change in risk that is material to the contract.

There is included in the committee's report a scholarly cost analysis with numerous tables prepared by Mr. Bailey.

Among other things there is reference to the fact that the commission to producers in Saskatchewan is 1½% on compulsory insurance and 25% on the so-called "package" or supplementary policy.

There is a section devoted to stock companies containing briefs and testimony by representatives of National Bureau of Casualty Underwriters. It was brought out that in 1949 the stock companies had 54.34% of the premiums in North Dakota and the mutuals 45.66.

The committee said the National Bureau system permits too much time lag in adjusting rates. Rates would be more realistic if they responded more promptly to currently available loss experience. The bureau should not at the close of 1950 be just beginning to compile data on 1949 for adjustment in 1951.

The committee went on to say that North Dakota is the only state that has an unsatisfied judgment fund. The law was passed in 1947 and the first assessment was made on Jan. 1, 1948. From that time through November of 1950, the fund has received \$237,832 and has paid out \$36,916. The committee remarked that if this sort of a ratio is maintained it will be unnecessary to collect another assessment for several years.

Makes Recommendations

The North Dakota plan provides that a person with a judgment of \$300 or more in a bodily injury case that can't collect from the tort-feasor can get recovery from the state fund up to \$5/10,000 limits. In Manitoba, the victim can collect from the fund for judgment of more than \$100. In Manitoba, it is applicable to hit and run cases. In Manitoba, the law contains detailed provisions regarding defenses by the fund in case of default by the judgment debtor.

The committee recommends that the North Dakota law provide for investigation and defense in default cases where the fund is liable to be exposed. Also that interest from investments be credited to the fund annually and that victims of hit and run accidents be included.

In connection with the rate regulatory law, the committee recommends that the rates should not be uniform, that competition should always be permitted to be rewarded with additional business and profits. Continued excessive rates should be checked.

Push N.A.I.A. Course in Ia.

DES MOINES—Iowa Assn. of Insurance Agents has more than 100 Iowa agents enrolled in the N.A.I.A. fire and allied lines course, it was announced by B. W. Hopkins of Des Moines, president.

The association held a series of 12 district meetings recently, with district officers selected at each meeting. It is planned to conduct regular bi-monthly meetings in each of the districts. They will be conducted either on a discussion group or panel discussion basis.

J. J. Henschke Reelected

ST. LOUIS—John J. Henschke, Insurance Agency Co., was reelected president of Insurance Board of St. Louis at its annual meeting, as was Oden D. Prowell, George D. Capen & Co., chairman.

Vice-president is John Wightman; secretary, J. Boyd Hill, James B. Hill agency, and treasurer, Arthur J. Hunt-Hausen, Charles L. Crane agency. On the executive committee are C. H. Bowersox, Robert V. Heffernan, Lawton-Byrne & Bruner, and Robert F. Smith.

D.

material to committee's analysis with Mr. Bailey. The is referendum commission is 1 1/2% and 25% on supplement-

and to stock and testi- f National writers. It 9 the stock premiums tuals 45.66. National Bu- ch time lag ld be more e promptly experience. ne close of mple data 1951. o say that te that has . The law first assess- 1948. From r of 1950, 1952 and has mittee re- a ratio is cessary to or several

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Wightman; s B. Hill J. Hunt- e. On e C. H. an, Law- Robert F.

Casualty Companies to Pay Ill. Tax on Auto Fire Lines

All casualty companies writing motor vehicle physical damage business in Illinois are now subject to the 1/2 of 1% tax on such business, to be used to maintain the division of fire prevention of the department of public safety. The ruling, announced by Director Day, follows an opinion of Ivan A. Elliott, attorney-general, based on the new multiple line law. The tax is levied on the gross fire, sprinkler leakage, riot, civil commotion, explosion and motor vehicle premiums in Illinois and previously had been restricted to the fire companies.

Larson Advocates End of Limited Licensing

ORLANDO, FLA.—Insurance agents in Florida will get a break if proposed changes in the state code are adopted by the 1951 legislature, Commissioner Larson told a gathering of central Florida agents here.

Copies of the new code are being printed and will be supplied to agents for study as soon as they are off the press.

Applause greeted Mr. Larson when he said he hoped the "new code would eliminate all limited licenses through which 'part-time Johnnies' often get the cream of the business while contributing little to the industry."

Approximately 31,000 agents and solicitors now hold licenses in Florida.

New Minn. Legislative Chief

MINNEAPOLIS—Frank S. Preston of the White-Preston agency has resigned as chairman of the legislative committee of Minnesota Assn. of Insurance Agents. Richard Thompson, vice-president of Wirt Wilson & Co., Minneapolis, has been appointed to succeed him.

Rating Bureau Work Told

The operations and function of the Fire Insurance Rating Bureau in formulating rates and inspection of fire policies to prevent errors were described by Norman C. Narton, Milwaukee, bureau audit chief, at a dinner meeting of Superior (Wis.) Assn. of Insurance Agents. Although operated by companies, the bureau is under direct supervision of the insurance commissioner.

Agents Head Committees

NASHVILLE—Brooks Eslick, Pulaski, is chairman of the senate insurance committee and C. Ray Ward, Sparta, of the house insurance committee of the Tennessee legislature. Both are local agents. E. C. Covington, College Grove, and Harry Mansfield, Chattanooga, are members of the house committee and Don M. Lewis, Elizabethton, of the senate committee.

Name Ison at Orlando

North America has appointed M. Harland Ison as assistant manager at Orlando, Fla.

Mr. Ison is a graduate of Virginia Polytechnic Institute. After three years with Southeastern Underwriters Assn., he served in the army, and joined North America in 1946 at Richmond. In 1947 he became assistant to the manager of the technical department at the head office, and he was assigned to Orlando last year.

Ore. Meeting Aug. 23-24

Tentative dates selected for the annual meeting of Oregon Assn. of Insurance Agents are Aug. 23-24 at Baker.

One Honor Less for Leslie

William Leslie, manager of National Bureau of Casualty Underwriters, was incorrectly identified in a picture caption in THE NATIONAL UNDERWRITER as being a member of the Department of

Defense board of insurance advisers. He was shown with Reese Hill, president of Carolina Casualty, who is a member of that board. Mr. Leslie and other members of the joint casualty committee had been in Washington voluntarily as a group to discuss a comprehensive rating plan. He is a member of that committee, but he is not a member of the advisory board.

New York Starts Study of Compulsory Auto Insurance

The New York department has undertaken a study to ascertain the pros and cons of compulsory automobile insurance legislation as it exists in other states and Canadian provinces. George Kline, deputy superintendent, who handled the study last year of the need for increased bodily injury limits for taxicabs and private passenger cars under the New York financial responsibility law, is directing this one.

The question the department is seeking to answer is whether compulsory automobile cover should be introduced into New York and if so in what form. The study will embrace such auxiliary items as unsatisfied judgments, the operation of financial responsibility laws, etc.

Gov. Dewey is said to be much interested in the matter.

Wis. Safety Council to Meet

MILWAUKEE—Wisconsin Safety Council will meet here Feb. 1-2. H. M. Erickson, Kenosha industrialist, is president. The late Hugo A. Klemm, Wisconsin industrial commission, was secretary for many years until his death several months ago. Among the speakers will be Voyta Wrabetz, chairman of the state industrial commission, and Dr. C. T. Olson, medical director of Liberty Mutual.

Hartford A. & I. Rally

The annual field meeting of Hartford Accident is being held at the Edgewater Beach hotel, Chicago, this week, in charge of Vice-president George H. Moloney of Chicago. The head office was represented by Vice-presidents W. H. Wallace and Frank McVicar.

Burt Renamed in S. D.

Commissioner George O. Burt of South Dakota has been reappointed by Gov. Anderson.

New Ohio Responsibility Bill

A bill introduced in the Ohio legislature by Representative Schwartz of Cincinnati requires certification of financial responsibility before issuing motor vehicle license tags. Required are \$10,000/\$20,000 liability and \$5,000/\$10,000 property damage. Evidence of financial responsibility must be filed with the county auditor and furnished by him to the state. No insurance carrier shall be permitted to refuse to issue such a policy, unless excused by the superintendent of insurance. A 60-day notice is required for cancellation.

Wants Smoke Damage Mandatory

LANSING, MICH.—Sen. Leo H. Roy, Hancock agent who is chairman of the senate insurance committee, has introduced a measure to make the smoke damage endorsement mandatory on all fire policies.

Plan PR Program at South Bend

The Jan. 18 meeting of South Bend-Mishawaka Assn. of Insurance Agents was devoted to the public relations program and plans for the coming year.

Thomas J. Dredla, local agent at Crete, Neb., has been appointed to the state board of control by Governor Peterson.

Ben Fronk, Manitowoc, Wis., past president of Wisconsin Assn. of Insurance Agents, has been elected president of the Manitowoc Chamber of Commerce.

National Board Names Two Special Agents on Coast

Donald Weir and David Pitcher have been appointed special agents in the arson department of the National Board at San Francisco.

Mr. Weir, a graduate of the University of California, was an officer in the navy during the war. He has been with the FBI since 1948, and with the National Board will handle the Portland, Ore., territory.

Mr. Pitcher is a graduate of Columbia School of Law at Washington. He has been with the FBI for 10 years in New York, and now will handle the Salt Lake City territory for the National Board.

Miami Mutual Men Reelect

MIAMI—Burton T. Wilson has been reelected president of Dade County Mutual Agents Club. Albert E. Ossip continues as vice-president and Don L. Elliott as secretary.

Mutual Service group of St. Paul has begun a second annual "carefree caravan" contest to run from February to November. The contest, open to managers and agents, is based on a point scoring system. Winners will receive

an all-expense trip with their wives to Mexico in January, 1952. Points are given for life, fire and casualty business.

Society Gives W. C. Seminar


Insurance Society of New York will offer a compensation insurance claims seminar during the spring semester. Sessions will begin Feb. 19 and terminate in the middle of May.

Samuel Kaltman, attorney for the Aetna Life companies' metropolitan claims department, will be instructor.

C. L. Henschel, vice-president and assistant secretary of Town Mutual Dwelling of Des Moines, has been elected vice-president and secretary. Frank H. Dirst resigned as secretary but will remain on the board. He has been inactive for some time.


James L. Sundy and Arthur W. Harrington, both of whom have been operating for some time in the insurance and real estate field at Savannah, Ga., have formed a partnership under the title of Sundry-Harrington, Insurance, with offices at 20 East Bryan street.


Speaker at the Jan. 15 meeting of Insurance Women of Denver was Walter Kranz of the Robertson agency, who discussed public relations.



Season's Greetings to All

As one year closes and another begins, we extend our thanks to our agents and brokers everywhere for their splendid cooperation. The year 1950 has witnessed a trend toward unification of services yet with a broadening of facilities. Further developments in the years ahead will increase benefits to producers and assureds.





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INSURANCE NEWS BY SECTIONS

MIDDLE WESTERN STATES

Commission Proposes Major Minn. Department Changes

ST. PAUL—Several major changes affecting the Minnesota insurance department are proposed in the report to the legislature of the efficiency in government commission. The activities of the fire marshal, except arson investigation, would be turned over to the department of labor and industry. Arson investigations would be handled by a newly recommended department of law. The report recommends that the 2% premium tax should be imposed on all premium income except that received by township mutuals as long as such mutuals are restricted as to area. The department would be authorized to examine township mutuals at least every three years.

Approved by the insurance department is a recommendation that appropriations for that department be increased by \$60,000 a year to maintain the highest possible standard of service.

The commission also suggests important changes in the handling of compensation insurance. Instead of the present industrial commission there would be a quasi-judicial board to handle such cases and make compensation rates. Appeals from this board would go direct to the state supreme court. The report recommends that the administration of compensation insurance be made self-supporting but not profitable.

Plan Mich. Mid-Year Meet

LANSING, MICH. — Plans are under way for the mid-year meeting of Michigan Assn. of Insurance Agents at the Book-Cadillac, Detroit, Feb. 14-16. While speakers have not been announced, some of the major subjects to be considered will be war damage, legislation, regulation of the business, liability coverages and insuring of foreign exposures for American risks.

The committees on laws and legislation, disability insurance laws and farm underwriting and the executive committee will meet Feb. 14.

A two-hour C.P.C.U. course on liability coverages will mark the afternoon session Feb. 15, following a crowded morning business meeting at which most of the topics listed earlier will be discussed.

An "agents only" session will occupy the entire morning of Feb. 16, with adjournment following a luncheon with state officials. Agents are being urged to submit topics for this discussion.

Asks State Hail Extension

BISMARCK, N. D.—Commissioner Jensen wants the North Dakota legislature to extend the expiration dates on state hail insurance to meet present day hazards and farming methods. He said that in 1950, 180 claims were filed for hail losses on wheat, oats and barley after the Sept. 10 expiration date but could not be paid under the present law. The commissioner said private insurance companies last year extended their expiration date on small grain from Sept. 10 to Sept. 20. He said also that some provision should be made in the law to pay for hail damage to crops lying in windrows.

Wis. 1752 Club Elects

MILWAUKEE — Robert Krieger, special agent of Germantown Mutual, was elected president of Wisconsin 1752 Club at its annual meeting here. He succeeds Clarence Loverude, Iowa Mutual Liability. Charles Van de Zande, Campbellsport Mutual Fire, was re-elected secretary.

Phases of the federal income tax applying to insurance matters, such as permissible deductions for fire losses, agency accounts and the like, which the mutual field men might encounter in contacting agents, were discussed by M. R. Traeger of the Milwaukee office of the internal revenue department.

The club voted to cooperate again with Wisconsin Federation Mutual Insurance Companies and Wisconsin Assn. of Mutual Insurance Agents in educational activities.

Gother New President of Wisconsin Mutual Agents

E. C. Gother, Milwaukee, was elected president of Wisconsin Assn. of Mutual Insurance Agents at the annual meeting at Sheboygan. Other officers are Harold Achtor, Milwaukee, vice-president; H. P. Otten, Milwaukee, treasurer, and Adolph S. Imig, Sheboygan, secretary.

Reports covering the activities and growth of the organization were made as well as a report on the national convention held at New York City. An agents qualification and licensing bill to be introduced in the present Wisconsin legislature under sponsorship of Wisconsin Assn. of Insurance Agents was discussed. A bill which nearly passed in the last session had met with some favor by the mutual agents. However, directors will meet with representatives of Wisconsin Mutual Alliance before taking a position on the legislation.

New Wichita Vice-president

Wichita Assn. of Insurance Agents has elected Garnett Mason of Beezley, Outland & Foote as vice-president, succeeding Preston Bacon, formerly of Wheeler, Kelly & Hagny, who resigned to join the Ben Northcott, Jr., agency at Newton.

SOUTH

Louisville Board Changes Name; Gaunt President

LOUISVILLE—After 97 years under the old name, Louisville Board of Fire Underwriters has changed its name to Louisville Board of Insurance Agents. The change was suggested in the report of John M. Hennessey, retiring president, who pointed out that board members today write many lines of insurance other than fire.

W. W. Gaunt was elected president, succeeding Mr. Hennessey. He had served as vice-president for two years. James W. Henning of Williams & Henning was elected vice-president and Peyton B. Bethel was re-elected secretary-treasurer. A silver service pin was presented to the retiring president.

Mr. Hennessey said the trend to multiple line writing may force some radical changes in board rules. He suggested abrogation of the agency limitation rule to bring into the fold at least part of the large volume of business now being written by non-board agencies. He also suggested the possibility of the board employing a technical man in addition to its present staff.

New Rate Probe Committee

OKLAHOMA CITY—The committee of five appointed at the 1949 session by the Oklahoma house to investigate insurance rates will be headed this session by James W. Williams of Blanchard. Other members are Luther Eubanks, Walters; Charles Sims, Seminole;

Edwin Langley, Muskogee, and Norman E. Reynolds, Oklahoma City. In 1949 major effort was directed toward workmen's compensation rates.

N. C. Bureau Asks 3.72% Average Fire Rate Cut

RALEIGH—Commissioner Cheek has set a hearing for Jan. 30 on a proposal of North Carolina Fire Insurance Rating Bureau for reducing fire rates an average of 3.72% overall and estimated to save policyholders \$1,021,300 annually. Some minor increases are contemplated.

A part of the reduction is due to the new unearned premium clause sponsored by Southeastern Underwriters Assn. which Mr. Cheek has approved to become effective Feb. 15. It was estimated this would have the effect of reducing rates \$100,012 annually.

The bureau said its loss ratio during the 1945-49 period on which the contemplated rates are based was 48.15%. A ratio of 50% is the basis on which rates are projected.

Only 11 of the 26 major classifications would be changed, with four of the 11 being increased, and seven decreased. Within the classifications, some types of business would not be affected.

N. C. Annual May 3-5

The annual meeting of North Carolina Assn. of Insurance Agents will be May 3-5 at the Carolina hotel, Pinehurst.

Named to Tex. Legislature Posts

J. M. Heflin, Houston, has been appointed chairman of the insurance committee in the lower house of the Texas legislature. The committee includes four local agents: Claude H. McCorkle, Sulphur Springs; Joseph Pyle, Fort Worth; H. M. Roark, Rockdale, and F. H. Sherman, Dallas.

EAST

Headliners for Mass. Brokers Rally Jan. 25

Speakers for the Jan. 25 meeting of Insurance Brokers Assn. of Massachusetts at Boston include Howard P. Davis, a professional speaker, who will talk on the international situation; W. E. Gehman, million dollar producer for New England Mutual Life at Philadelphia, on "What's New in Selling?" James T. Keating, assistant secretary of Hartford Accident, on "What's New in Casualty Insurance?" Arthur H. Clark, director of education of Springfield F. & M., "What's New in Fire Insurance?" and Charles P. Butler, counsel for New York State Assn. of Insurance Agents.

Pittsburgh Loss Men Elect

Pittsburgh Fire Loss Conference has elected these officers: President, D. E. Hubbard, Keystone Adjustment Corp.; vice-president, W. C. Zieg, independent adjuster; secretary, W. W. Mitchell, General Adjustment Bureau.

Up N. H. Minimum Premium

New Hampshire Board of Underwriters has raised the minimum premium for fire policies from \$5 to \$7.50. There also is a \$1 minimum premium both for extended coverage and vandalism and smoke damage.

Walker Newark Manager

Donald F. Walker has joined the Atlantic companies as manager at Newark. He has been state agent for the Employers group in New Jersey.

COAST

Insurance to Be Prominent in New Cal. Legislature

LOS ANGELES—The new California legislature has received a number of bills dealing with insurance. In the senate, four apparently are of major importance. They would amend the insurance code in regard to grounds for suspension or revocation of licenses; put into the code a definition of the term general agent; set forth the license requirements of a general agent, and the last relates to the writing of insurance by the state workmen's compensation fund. It has been charged that salaried employees of the fund are actively soliciting workmen's compensation insurance in competition with private carriers.

In the assembly two of the bills introduced had the statutory urgency clause attached, which would make them effective immediately on passage and signature by the governor. One, relative to expiration dates on disability policies, was brought about by a desire to have the language of the section clarified. The other relates to UCD changes.

Probably the most important of the assembly bills is introduction of the "anti-coercion" measure defeated in the 1949 session by a single vote in the final hours of the night closing session.

The proposed schedule of legislation to be sponsored by the department consisting of 18 bills had not been introduced up to Jan. 11, owing to Commissioner Maloney having a tentative appointment with Assemblyman Geddes to discuss the measures before their introduction.

Morris, Guedel Partners

J. H. Morris, Jr., Seattle local agent for 30 years, has taken Orville G. Guedel into partnership and the new firm is Morris & Guedel.

Mr. Guedel was with Lumbermen's Mutual Casualty at Chicago two years, then he was with Continental Casualty at the home office four years, and in the Milwaukee office of that company seven years. He has been with Mr. Morris for the past three years.

So. Cal. Brokers Elect

New officers elected at the annual meeting of Insurance Brokers Society of Southern California are: President, Arthur B. Davidson, Grant-Birkholm & Co.; vice-president, George T. Cronk, G. T. Cronk & Co., and secretary-treasurer, John S. Wiester, Johnson & Higgins of California.

New Courses at Seattle

King County Insurance Assn. is co-sponsor with Edison Technical School, Seattle, in two new insurance courses. The N.A.I.A. introductory course will begin Jan. 30 and standard course Jan. 31.

Expand San Francisco Office

In connection with the expansion of the San Francisco office of Fred S. James & Co., Donald M. Dalton has been elected vice-president and James B. Marshall appointed chief engineer.

Gillis New Orleans Chief

Cary E. Gillis, Jr., was elected president of New Orleans Insurance Exchange at its annual meeting, succeeding Willfred M. Kullman, who becomes a member of the executive committee. Vice-president is W. Ferguson Colcock; secretary, Linden F. Braud, who begins his 31st consecutive term, and treasurer, Leonard M. Wise, reelected.

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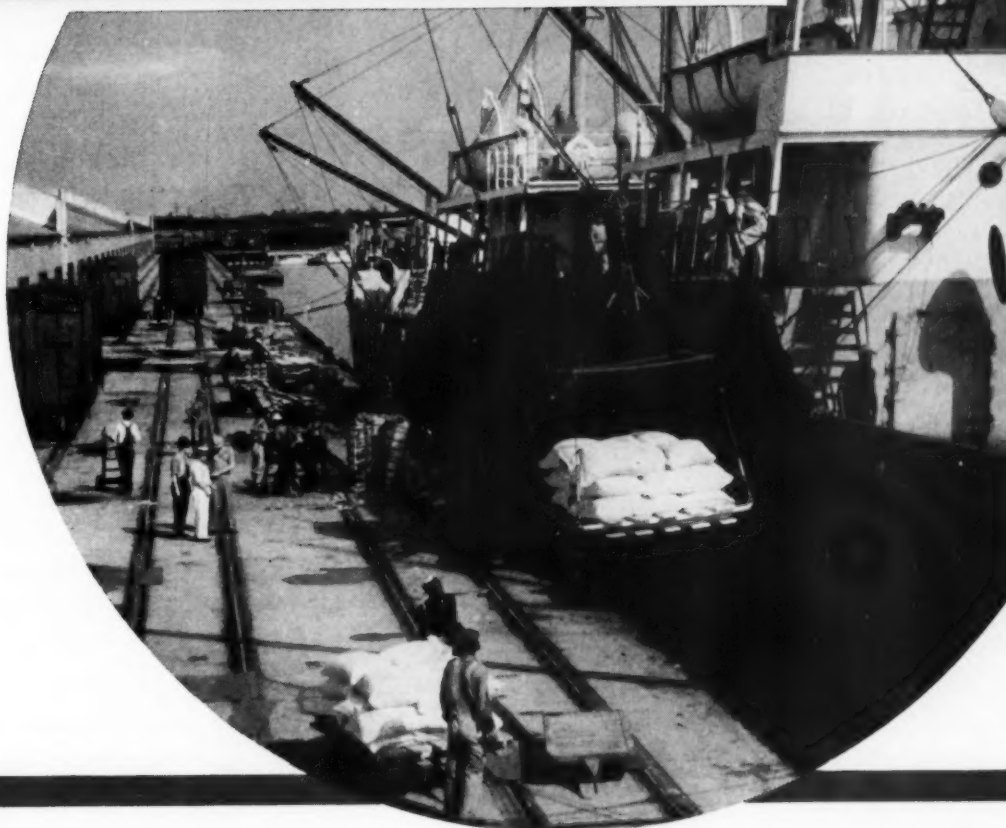
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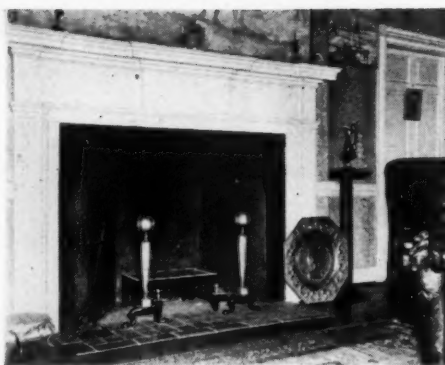
*of Michigan's
Great Woman Pioneer*



"YOU have killed my husband!" The anguished cry broke the stillness of the Pottawattomie village on Lake Michigan where Madeline and Joseph Laframboise were spending the night. Enraged at the fur trader's refusal to give him liquor, Nequat, a young brave, had stolen into their tent and slain the devout Joseph as he knelt in prayer.

The Pottawattomies who were outraged by the wanton murder of their trusted friend eventually captured Nequat and brought him to Madame Laframboise for judgment. Though she was the granddaughter of Returning Cloud, famous Ottawa chieftain, she followed the Christian faith of her French father and even when confronted by the slayer of her beloved husband, she heeded the Biblical admonition to forgive one's enemies. "Set him free," she told Nequat's captors. The Indians reluctantly obeyed but later Nequat was found in the forest with a knife through his heart.

Madeline had traveled with her fur



trader husband ever since she married him in 1796 at the age of seventeen. Through the wilds of early Michigan and over the waters of Lake Huron to the great fur depot on Mackinac Island, for many years the couple carried on their business together. Because of Joseph's acumen and his wife's tact and understanding of the Indians they were outstandingly successful. After her husband's death, despite her

overwhelming grief Madeline continued the work alone. A woman of great charm and enterprise, she became one of the Northwest's greatest fur traders.

As the years went by, Madeline's daughter Josette returned from school in Montreal and like her mother captivated all by her loveliness. In 1817 Josette was married to the commandant of Fort Mackinac, Captain Benjamin Pierce, brother of Franklin Pierce who became President. At the wedding, Madame Laframboise, wearing Indian attire, was a striking figure.

The young couple made their home on Mackinac Island and here Captain Pierce built a house for his mother-in-law. Josette's untimely death after four years of married life, followed by that of her little son, impelled Madame Laframboise to give up her work as a fur trader. Settling down in her home on Mackinac, she spent her time helping the less fortunate and, in particular, befriending the Indians, who called her "Little Mother." She had always spoken French like a Parisian and in middle age she taught herself to read and write the language fluently.

Beneath the altar of St. Anne's Church, which stands on the property she bequeathed, Madeline Laframboise and Josette are buried. Her island home is now privately owned. Surrounded by ancient lilac trees planted by missionaries who brought the seedlings from France, it is carefully preserved as a survival of Michigan's early days.

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